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# FINANCIAL TIMES

No. 27,646

Friday August 25 1978

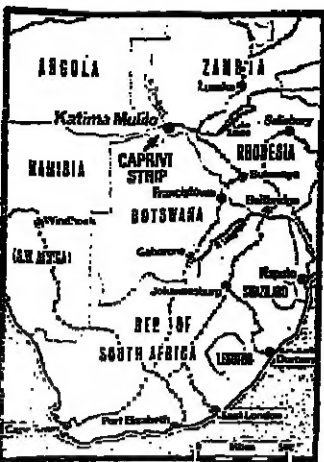
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## NEWS SUMMARY

### GENERAL



## Revenge raid on Zambia

Dr. Kurt Waldheim, the UN Secretary-General, and the five Western powers which negotiated the Namibia independence plan are expected to be asked to intervene following serious clashes between South African troops and Zambia-based SWAPO guerrillas.

Pretoria defence headquarters confirmed yesterday that South African troops made a raid into Zambia but denied Zambian accusations that jets had strafed civilian targets and hit a school. Back Page

### Thorpe delay

The next court appearance of Mr. Jeremy Thorpe, the former Liberal leader charged with conspiracy to murder Mr. Norman Scott, has been put back from September 12 to October 9.

### Olympic warning

Dr. David Owen, Foreign Secretary, warned yesterday that governments and individual competitors must boycott the Moscow Olympics in 1980 if Russia did not improve its human rights record. Britain's Sports Council is to consider withdrawing from the games because of the USSR's "continuing disregard of human rights".

### Guerrillas leave

A Venezuelan aircraft left Managua yesterday with rebels who had seized the Nicaraguan National Palace, of their hostages and freed political prisoners. Page 4

### Plutonium move

All plutonium facilities at Aldermaston have been closed because of trade union anxieties. The Ministry of Defence said the sections would not reopen until staff could be given reassurances about health.

### Fears for crew

The five-man crew of the Mary Weston were feared dead last night after a collision with another ship in the Seine estuary.

### Flights cancelled

Spanish holiday charter companies have cancelled all week-end flights between France and Spain as French air traffic controllers prepare to resume their work-to-rule. Page 3

### Briefly...

The Department of Health and Social Security has repeated its warning to consumers not to eat canned salmon from the U.S.

Automobile Association membership has reached a record 5,900,000.

New Zealand was 280 for 5 after the first day of the Lord's cricket Test against England.

A West Berlin court has ordered the Swiss pharmaceutical concern Hoffmann-La Roche to reduce Valium and Librium prices. Page 2

Ugandan President Idi Amin shot a hippo when it charged a boat in which he was travelling on Lake Victoria.

Roman Catholic cardinals go into conclave today to choose the 263rd pope. Page 2

More than 80 per cent of the British population believes women should be admitted to the priesthood, according to a NOP Market Research survey.

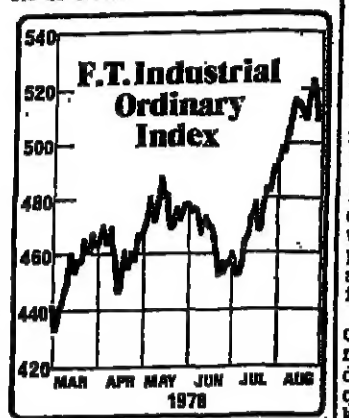
### CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)		
<b>RISERS</b>		
Coffee	113	+ 6
Smith Wallis	86	+ 13
Victor Products	243	+ 10
Ward and Goldstone	105	+ 5
Mount Lyell	34	+ 3
<b>FALLS</b>		
S. Rhodesia 2 1/2pc 65-70	531	- 4
Allied Insulators	66	- 4
Assed Dairies	240	- 14
Beecham	710	- 11
Blue Circle	280	- 12
Brown (J.)	460	- 12
Costain (R.)	224	- 10
Costain (R.)	118	- 5
Dalgety	304	- 8
Gr. Portland Estates	308	- 8
ICI	400	- 10
Lloyds Bank	263	- 7
U.S. Inds.	230	- 6
O.K. Banners	425	- 15
Tate and Lyle	178	- 4
Tube Invs.	422	- 10
Turner and Newall	185	- 8
Unilever	380	- 10
BP	902	- 14
Siebens (UK)	380	- 10
Guthrie	390	- 10
Comins Riointo	284	- 6
Tasminex	100	- 10
Yukon Cons.	165	- 7

### BUSINESS

## Equities down 10; Gilts quiet

● EQUITIES fell in response to the approaching holiday, as dealers were reluctant to carry large amounts of stock. Institutions showed little enthusiasm for buying, and by the close private selling brought the FT ordinary index down 9.9 to 509.3.



● GILTS were subdued and the Government Securities Index fell 0.01 to 70.63.

● STERLING rose 35 points to \$1.9305 and its trade-weighted index remained unchanged at 62.2. The dollar fell to its lowest level of the day in the late afternoon on selling in New York, and its depreciation widened to 9.2 per cent (9.0).

● GOLD rose \$2 to \$202 in London.

● WALL STREET was 2.34 up at 899.34 just before the close.

● ALGEMENE BANK NEDERLAND, the largest bank in Holland, has made a \$82m cash bid for the entire outstanding capital of Lasalle National Bank of Chicago. Page 24

● PAN AM chairman has defended his airline's proposed \$300m acquisition of National Airlines. Back Page

## Investment by industry up

● MANUFACTURING industry capital investment in the April-to-June period rose about 6 per cent to \$279m, according to Department of Industry figures. This brings the volume of investment for the first half of the year 3 per cent up on the same period of 1977. Back Page

● GROSS DOMESTIC Product in the UK has been rising faster than expected, with a 4.8 per cent rise between 1975 and 1977, according to Central Statistics Office figures. Page 6

● BRITISH SHIPBUILDERS have been served with a writ from the Miarcho shipping group for late delivery of a supertanker being built on the Clyde.

● AUSTIN AND PICKERSGILL chairman has told workers at the Southwick shipyard on the River Wear that productivity since nationalisation has dropped more than 20 per cent. Page 6

● POST OFFICE engineers' dispute has cost the Post Office well over £10m, largely in lost revenue from the 130,000 would-be subscribers not yet connected because of the union's blocking of new equipment. Back Page

● BARCLAYS BANK is to launch a pilot scheme for operating individual retailers' credit cards. Initially the scheme will be carried out with a tailoring chain. Page 6

● HOUSE OF FRASER pre-tax profits for the 13 weeks to July 29 increased from £4.6m to £6.93m, raising the total for 26 weeks to £32.3m from £35.7m. Page 20 and Lex

● BLUE CIRCLE Industries pre-tax profits for the first half of 1978 were £21.3m against £22.3m last year, on turnover of £198m (£177.3m). Page 21 and Lex

# U.S. prepared to draw on IMF to protect dollar

BY JUREK MARTIN, WASHINGTON, August 24

The U.S. is prepared to draw on its considerable resources at the International Monetary Fund to protect the value of the dollar.

The timing of a formal row, as a result, consultations announced will depend on with both the IMF Board and the Administration's reading of the group of ten major industrial countries would be required.

There is even the hope that an actual drawing will prove unnecessary if merely signalling the intention of going to the IMF, combined with other is worth between \$4.5bn in practice on the economic and monetary policy fronts, satisfies the markets that the U.S. is committed to upholding the value of its currency.

The U.S. credit position at the IMF is such that it is entitled to draw as much as about \$4.4bn without incurring the economic policy conditions that the IMF agrees with nations who borrow from it.

In theory, the U.S. is not even obliged to do more than merely notify the IMF Board of its decision to draw the first three quarters of its entitlement, known as its super credit tranche. Board approval of the remaining 25 per cent is technically required, though under normal circumstances is a formality.

In practice, however, a substantial U.S. drawing would severely deplete the IMF's usable hard currency resources, which might have to be replenished by activation of the General Arrangements to Borrow.

Recourse to the IMF, it is stressed here, must be seen as part of a continuing series of measures the U.S. is taking to restore order to the foreign exchange markets.

Over the last week, these have included last Friday's 1-point increase in the discount rate, Tuesday's announcement of expanded gold sales, and what even New York dealers acknowledge is a much more sophisticated and canny approach to the currency markets themselves.

Nevertheless, it is accepted here that more formal action may well be required, particularly since no dramatic improvement has taken place, though none since 1973.

It may well be, therefore, that the U.S. will settle for an initial drawing, if it is deemed necessary, of rather less than its full entitlement. The fund board is in recess at present but reconvenes next Monday. Mr. Sam Cross, the U.S. executive director, broke his holiday to confer with senior Treasury staff members this morning.

Other operations, of an essentially technical nature, have been carried out by the IMF on previous occasions, but not under the circumstances which apply now. In 1971, for example, two U.S. drawings of the equivalent of 500m special drawing rights in Belgian francs and Dutch guilders were designed to mop up the excess dollar holdings of those two Governments.

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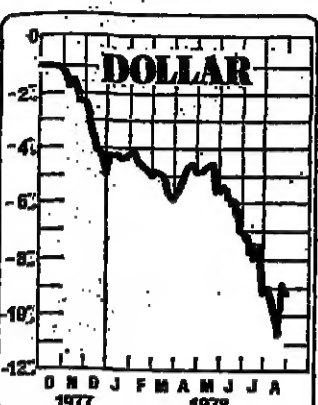
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## Ford men to press for 25% raises

By Pauline Clark, Labour Staff

FORD MOTOR workers are to press ahead with an estimated 25 per cent pay claim in spite of the 5 per cent ceiling set by the Government for this year's wage increases.

The claim, tabled with the employers in London yesterday, serves as an uncomfortable reminder to Mr. Callaghan of last year's major Cabinet row over how to deal with a similar Ford strike—evenly settled in breach of the Government's then 10 per cent limit.

This year's Ford claim for 27,000 hourly-paid workers includes a demand for a minimum 20 a week flat rate increase for everyone, representing the first major challenge to the Phase Four pay guidelines.

The union side will use Ford's current profits trend as a major lever in pressing for some restoration of living standards since 1974.

With Ford's success in the UK evident, they see no reason to modify the key demands of a claim originally formulated well in advance of the Government's July White Paper.

Mr. Ron Todd, Transport and General Workers Union national organiser and successor to Mr. Moss Evans—now general secretary—as chairman of the union negotiators, said yesterday there could be no acceptance of the 5 per cent pay limit.

We would certainly expect to get more than last year's 12.3 per cent settlement although the actual amount would be determined by negotiations.

Our job is to represent the aspirations of our members. In the light of Ford's latest profits results, we believe the time has come to receive some restoration of lost earnings during the past year of income restraint.

Earlier this year Ford announced 1977 pre-tax profits of £246m and the union negotiators are estimating a rise to £300m in 1978 after allowing for the main element of their pay claim.

The company is the present leader of the UK car market with 28 per cent share over the first seven months this year.

Last year, the Ford workers' actual pay settlement probably amounted to nearer 15 per cent with fringe increases included. But the settlement lost some of its impact as a pace-setter for other industrial negotiations when it was upstaged by the Government's confrontation with the firemen over its then 10 per cent pay increase limit.

The unions say they are determined to make progress on their longstanding claim for a cut in the working week without loss of pay as an important step for other industries seeking a 35-hour week.

The eight-point claim includes demands for improvements in sickness benefit, holiday pay, shift rates and pensions.

## Union threat to expel BL men

BY ALAN PIKE, LABOUR CORRESPONDENT

TOOLMAKERS AT the SU Fuel Systems factory, Birmingham—a part of BL who are refusing to end an unofficial strike were told yesterday that unless they return to work on Monday they will be expelled from the Amalgamated Union of Engineering Workers.

The threat of expulsion, believed to be unprecedented in the union, is the first move in a calculated attempt by the leadership to break the power of the unofficial Leyland tool-

room committee which has been campaigning for separate bargaining rights for several years. If it succeeds it could plunge the company into an industrial relations crisis as serious as last year's devastating toolroom strike.

Mr. Terry Duffy, the union's president-elect, said that the decision in favour of expelling the strikers had not been taken lightly and was a courageous one which was necessary to protect many thousands of jobs in Leyland and its suppliers.

Members of the union's east Birmingham district committee decided that the strikers should be expelled unless they returned to work on Monday—a normal working day in BL Midlands factories for refusing to comply with the rules of the union and the complete disregard for the district committee and executive council. The expulsion decision has to be ratified by the executive but it is little doubt that this will follow.

Mr. George Regan, leader of the strikers, said last night that the expulsion altered nothing. "We knew all the possible consequences including expulsion when we went into this."

It is not likely, therefore, that the strikers will be back at work on Monday and attention will turn to the reaction of Mr. Fraser and the toolroom committee. This is due to meet tomorrow week but now may do so sooner.

Union leaders appear to sense that the power of the unofficial group is declining but there is a danger that such an emotive issue as the union's expelling a

group of strikers who are carrying the flag of the wider toolroom campaign will revive it.

There are many split loyalties in the union. Other engineering union members in the SU factory are working normally and seeking to overcome the strike and 11 of the 23 district committee members who made yesterday's expulsion decision by "a substantial majority" were skilled men.

The SU strikers have the right of appeal to the union's final appeal court which is composed of lay members. But union membership is customary in the toolrooms of BL and other large Midlands companies and the union might not easily find other jobs.

The union eventually would have to find other toolmakers to take over the strikers' work and the success of this would depend on the power of the unofficial committee.

Mr. Terry Duffy: Decision not taken lightly.

Only one of the 32 strikers obeyed a summons to attend yesterday's district committee meeting in the union's Birmingham offices. The men five times have rejected union orders to call off a three-week stoppage in support of demand for parity with the Rover toolroom, where toolmakers earn about £6 a week more.

They see themselves as spearheading the BL toolmakers' continuing campaign for pay parity and separate negotiating rights. But the union believes they should await company moves to wide parity due to be completed by November next year.

Mr. Duffy made it clear that Mr. Roy Fraser, leader of the unofficial toolroom committee, and his colleagues, who are struggling for financial support for the strikers, also risk disciplinary action from the union. Anyone who was financially supporting members violating rules was subject to discipline.

He hoped that the SU strikers would reconsider their position and return to work. If they did not, the expulsion could precipitate a similar decision elsewhere.

The district committee decision "did not assure well for unofficial bodies."

£ in New York

	Aug. 25	Previous
3 month	\$1,930.9250	\$1,930.9330
6 month	0.95-0.95 1/2	0.95-0.96 1/2
12 month	1.28-1.29 1/2	1.28-1.29 1/2
18 month	4.70-4.50 1/2	4.50-4.20 1/2

## Latest BP oil find not in commercial quantity

BY KEVIN DONE, ENERGY CORRESPONDENT

BRITISH PETROLEUM yesterday admitted the recent euphoria surrounding its drilling programme to the west of Shetland with the announcement that its latest well had not found oil in commercial quantities.

Hopes had been rising in recent weeks that its second well, block 206/8, would confirm a major oil find following the discovery well drilled last year.

At one point in July BP shares moved up 70p in just a few days, adding some £280m to the group's market value.

But the high hopes appear to have been misplaced. The well, 206/8-2, confirms the existence of a broad deposit of hydrocarbons in the area, but it raises doubts about



## EUROPEAN NEWS

Valium,  
Librium  
price cut  
ordered

By Leslie Collet

BERLIN, August 24.

THE CARTEL Bench of the West Berlin District Court has ordered the Swiss pharmaceuticals company, Hoffmann-La Roche, to cut the price of its tranquillisers Valium and Librium by 24 per cent.

The company has said that it will appeal against the decision to the West German Supreme Court.

The court's decision is its second in the case, and follows a protracted legal struggle between the company and the West Berlin Cartel Office, an agency of the West German Economics Ministry.

In early 1973 the Cartel Office launched its investigation of the company's pricing of tranquillisers and subsequently ordered it to drop prices for Valium by 40 per cent and for Librium by 35 per cent.

In January 1978 the West Berlin District Court found that there was a "misuse" by the company of a market dominating position for two drugs and called on it to lower prices by 25 per cent.

This ruling, however, was overturned by the High Court in Karlsruhe which ordered the case to be heard again.

The court's latest ruling is once more supported by the argument of misuse of a market dominating position. It says the manufacturers' prices for Valium and Librium are kept above competitive prices.

The court has been ordered not to sell the two drugs in the future for more than 76 per cent of the present prices. It is also forbidden to charge more per unit for larger packs.

The Berlin court notes that although Hoffmann-La Roche no longer has a market-dominating position because of a sinking share of sales of the two tranquillisers, it still "shares domination" with other large competitors who invest heavily in research.

The Cartel Bench notes that there is no effective price competition between the companies in this "oligopoly". There are changes in market shares but no lowering of prices resulting from competition.

Three-fifths of the cost of the court case are to be carried by Hoffmann-La Roche and the remainder by the Cartel Office, the district court has ruled.

John Wicks writes from Zurich: Commenting on the judgment, Hoffmann-La Roche group headquarters in Basel says the company has always contended it does not possess and has not abused a dominating market position.

The market shares of the two drugs have greatly declined since the legal proceedings were initiated due to efficient competition from new products. Librium and Valium, Roche claims are the cheapest of the comparable products on the German market.

Drawing attention to the return of the case to the federal Supreme Court, the Basel court says this proves that the case is "extraordinarily complex," both economically and legally.

An appeal against a judgment instructing Hoffmann-La Roche to reduce the prices of Valium and Librium is still pending in Holland.

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## THE CARDINALS MEET TO ELECT A POPE

## Third World's growing strength widens the field

BY PAUL BETTS IN ROME

ANY BAPTISED Roman Catholic provided he is unmarried and male, can in theory at least, become Pope. But it is a distinctly remote possibility that the successor to Pope Paul VI will not be a member of the Sacred College of Cardinals, who will assemble in secret conclave this afternoon to elect the new Pontiff. None the less, the conclave remains a unique form of election, perhaps the most secret of all. This time it promises to be not only of major consequence to the Roman Catholic Church but also intensely intriguing for non-Catholics.

An unprecedented number of Cardinals will take part in the election, with the Vatican Palace to elect the new Pope. The European Cardinals no longer hold the absolute majority, and with the increased weight of the Third World Cardinals, the choice could well fall on someone other than an Italian for the first time since the election of the Dutch Pope, Adrian VI, in 1522.

Although Cardinals over 80 years old no longer have a vote at least 111 of the 114 Cardinals entitled to elect the Pope are expected to attend the conclave. The three absent members include three who are sick, all non-Italian. Another, the Chinese Cardinal Yu Pin, suffered a heart attack and died in Rome shortly after the funeral of Pope Paul VI.

Never has the election of a Pope been so open. Pope Paul VI did not leave an obvious successor. The names of as many as 20 Papabili or possible successors have been floated during the past few weeks. The election of an Italian, while still regarded as probable, is no longer seen as inevitable. Names like that of an Argentine of Italian origin, Eduardo Cardinal Pironio, or of the Austrian, Franz Cardinal Koenig, or the Dutch Johannes Cardinal Willebrands are repeatedly mentioned. Even among the more likely Italian candidates like Sergio Cardinal

Pignedoli, Pope Paul's close friend, Sebastiano Cardinal Baggio, Giovanni Cardinal Benelli, Antonio Cardinal Poma, Salvatore Cardinal Pappalardo or Paolo Cardinal Bertoli there is no clear favourite.

The arguments in favour of another Italian Pope are strong. There would clearly be political difficulties for a pontiff of any other nationality. The Pope is also Bishop of Rome, and he must work with a largely Italian speaking Vatican bureaucracy. He would inevitably be involved with the complexities of Italian politics. A non-Italian Pope, however, would clearly demonstrate the universality of the Church.

At least the Cardinals will be spared the menace of outside pressures on the conclave, all too frequent during the Renaissance when noblemen had recourse even to force to ensure the victory of their favourite. As late as the beginning of this century France, Spain and Austria claimed the right to veto the election of any Cardinal to the papacy. This right was invoked on several occasions, the last time in 1903 when Cardinal Puzyna, Archbishop of Cracow, vetoed the election of Cardinal Rampolla on behalf of the Austrian Emperor.

In the conclave, there will be 27 Italian Cardinals and 24 other West Europeans, five from East Europe, 30 from north and South America, 12 from Africa, and 13 from Asia and Australia. While the largest block of Cardinals is composed of the followers of Pope Paul VI's so-called middle road policy, there are also strong conservative and progressive currents. Divisions clearly persist between modernists and traditionalists and have been openly voiced in the pre-conclave declarations of some Cardinals.

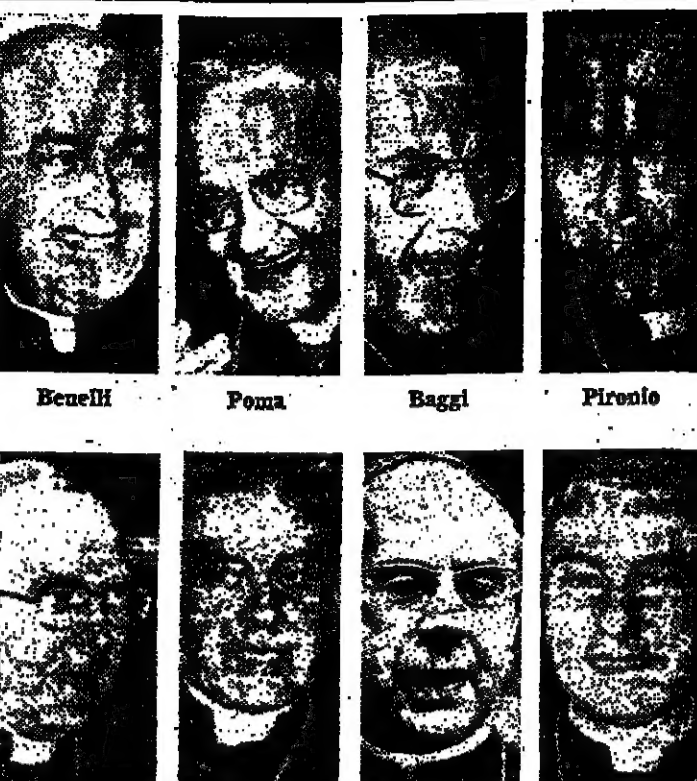
On the face of it, the election could be a protracted affair. Although it could never match the election of Pope Gregory X in Viterbo in the 13th century which lasted 2 years 9 months and 2 days. Eventually the Capamonte of the city of Viterbo had removed to force the Cardinals to make up their minds. But the Cardinals are expected to seek a quick election to show, at least on the surface, a degree of unity at a time when the Church is suffering from what to all intents is a major crisis of identity. This election could well dictate the future shape of the Roman Catholic church.

In any event, by modifying the Apostolic Constitution on the election of the Roman Pontiff, Pope Paul VI sought to ensure a swift election. It can be carried out in three different ways. The first and rarest form

is by acclamation or by inspiration when the Cardinals unanimously proclaim a single individual as Pontiff. The second, and also little used formula is by delegation, when the Sacred College decides to entrust to a limited group of no more than to a sealed-off area of the



St. Peter's Basilica in Rome and (above) some of the contenders for the Papal throne.



Benelli, Poma, Baggio, Pironio, Willebrands, Pignedoli, Koenig, Pappalardo

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Vatican Palace. The doors will be locked from the inside by the Cardinal Camerlengo, in charge of the orderly conduct of the conclave, and on the outside by the Marshals of the Conclave, who include a priest and two laymen, the Marchese Giulio Sacchetti, and the commander of the Swiss Guard, Baron von Altshofen.

All the conclavists take a solemn oath never to disclose anything of what happened during the conclave, and the sacred retreat will be thoroughly searched for any electronic devices and other instruments to guarantee the secrecy of the election. Although the once severe rules governing the life of the Cardinals have been somewhat relaxed, each Cardinal-Elector will have his own cell with the barest comforts and is forbidden to receive newspapers, periodicals or letters from outside the conclave precinct.

The voting itself takes place in the Sistine Chapel, specially fitted out for the occasion with red armchairs, desks, and writing material for the four daily ballots. Earlier this month, some mild panic was caused because the Chapel was thought too small to accommodate so many Cardinals, but the Vatican carpenters somehow managed to resolve the problem.

Twice a day, around noon and at about 7 pm, the ballot papers are burnt in the small stove used during the last four elections. If this ballot is unsuccessful, straw is added so that a little cloud of black smoke—the fumata nera—will come from the chimney high over the roof of the Sistine Chapel. If a Pope has been chosen, no straw is added and white smoke—the fumata bianca—will appear. The Dean of the Sacred College then solemnly announces from the balcony of St. Peter's "habemus papam"—"we have a Pope"—and names him to the vast crowd gathered in the square.

At the last election, white smoke appeared after the second ballot, which had been abortive. Although straw had been used, it was apparently too fresh and had not turned the smoke black. The Vatican is taking no chances this time. The little stove has been tested and some chemical substance is to be added to avoid any more blunders to what is undoubtedly not only one of the most solemn but also one of the most splendidly staged-managed occasions ever to take place.

## French airport closure threat

BY OUR OWN CORRESPONDENT

PARIS, August 24.

A BITTER row has broken out between the French Government and the country's 2,500 air traffic controllers, as the controllers prepare to resume the work-to-rule which has caused periodic chaos over the past month.

Mr. Joel le Theule, the Transport Minister, has warned that, if necessary, he will close down certain airports and he has cancelled a meeting with controllers tomorrow, saying he will not negotiate under duress.

With the last weekend in August traditionally the period of the big rush back from the holidays (some 7m people are likely to be travelling in France), the Minister has accused the controllers of "blackmailing passengers" and of "disguising mercenary interests beneath a cloak of concern for safety."

The work-to-rule resumes at midnight tomorrow. At the most militant of the four control centres, Bordeaux (a crucial station for flights to southern Europe and North Africa), controllers intend to continue the work-to-rule until September 4. The other three centres have not made clear whether they will work normally between the weekends.

The Minister commented bit-

terly yesterday: "Is it reasonable to demand simultaneously a fifth week's paid holiday; a 35-hour working week, free air transport for civil aviation personnel; and incorporation of bonuses into salary?" He maintained that a controller with A-level equivalent qualifications can be earning Frs 6,500 (about £1,200) a month.

Air France and Air Inter (the French international airline) said that they will maintain full schedules—though not necessarily timetables—over the weekend. Spanish charter companies have already cancelled all their flights between France and Spain.

The Minister commented bit-

## Hua and Tito to sign agreements

By Paul Lendvai

BELGRADE, August 24.

YUGOSLAVIA and China are to sign two important long-term economic and scientific technical agreements this week and a special Sino-Yugoslav co-operation commission headed by the respective Vice-Premiers is to be set up. Yugoslavia will stage a large industrial exhibition in Belgrade in April next year and the training of experts and large scale exchange of students has been under discussion during Chairman Hua Kuo-Feng's nine-day visit to the country.

Mr. Budimir Loncar, the Yugoslav Deputy Foreign Minister, said Mr. Milojko Drulovic, Secretary of the Party Presidium, told the foreign Press last night that Chairman Hua's visit was a continuation of the same independent and non-aligned foreign policy that was reflected in Marshal Tito's visits to Moscow, Peking and Washington within the past year.

Meanwhile, an intensification of military co-operation is envisaged. According to unconfirmed but reliable reports General Stane Polcar, the chief of the Yugoslav General Staff, is to pay a visit to China, North Korea and, possibly Japan next month.

## Eanes in bid to defuse Portugal's political crisis

BY JIMMY BURNS

LISBON, August 24.

PORTUGUESE PRESIDENT Antonio Ramalho Eanes today denied that there was a confrontation between himself and the Socialist party, the leading Parliamentary party, and stressed his hope that the present political crisis would eventually be solved through a new interparty agreement.

In his first Press conference since he took office more than two years ago, the President attempted to defuse the crisis resulting from the collapse of the Socialist-Conservative alliance a month ago. He described his differences with the Socialists as a "misunderstanding."

"I am confident... that good sense will prevail and that we shall be able to turn to the great task of building the future of Portugal," he said.

The Socialist Party launched a bitter attack on President Eanes two weeks ago following his dismissal of Prime Minister Mario Soares. They accused the President of acting unconstitutionally and have refused to participate in the government formed around Mr. Soares' designated replacement, Sr. Alfredo Nobre de Costa.

President Eanes defended Sr. da Costa as a man "capable of creating the necessary conditions for a fresh understanding between the political parties" and hinted that there would be no controversial changes to

current economic policy. There were also indications today that Sr. da Costa may have already completed his Cabinet sworn in until next week. The President right-wing weekly publication Tempo this morning published a full Government list including what the paper attacked as the surprising choice of three "pro-Communist Ministers"—shipyard executive Antonio Leal as Labour Minister, the chairman of Petrolgal, the nationalised oil company, Sr. Correia Gago, as Foreign Affairs Minister, and a company director, Sr. Pereira Magro, as Social Affairs Minister.

## USSR closes case against journalists

MOSCOW, August 24.

THE SOVIET UNION today closed the slander case brought by Soviet television against two U.S. correspondents with a warning that they could have been expelled from Moscow over the affair.

Mr. Craig Whitney of the New York Times and Mr. Harold Piner of the Baltimore Sun said they were told by a Foreign Ministry official that they deserved to lose their Press accreditation—tantamount to expulsion—but were being let off in the interests of Soviet-U.S. relations.

## Bonn warning on protectionism

BY JONATHAN CARR

BONN, August 24.

WEST GERMAN industrialists worried that the rise of the deutschemark will reduce their ability to compete against foreign goods at home and abroad, heard some notably plain speaking today from the Government.

They were bluntly reminded from one source of the virtues of free trade and advised by another not to stare at the dollar currency "like rabbits at a snake."

The comments on free trade came from Herr Hans Matthöfer, the Finance Minister, in a speech in Cologne before representatives of the clothing and textile industry—a branch facing a strong challenge from low price imports.

Herr Matthöfer noted the existence of the challenge, but drew a clear distinction between unfair dumping practices, which had to be controlled, and legitimate use by third countries of cost and location advantages. Protectionism aimed at removing those advantages would simply lead up to a blind alley, Herr Matthöfer said, adding that many of the textile exporting countries involved were developing industrially and were important customers for West German products.

The Minister recognised that the clothing industry had been forced to make sacrifices—reflected in rationalisation and a cut in the labour force by 120,000 since 1972 to a total of 250,000 today. But this process had now slowed, use of capacity was about 92 per cent and the industry was scoring export successes.

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## France seeks way out of N-deal

By David Curry in Paris and David Fishlock in London

IF PAKISTAN formally declines to accept any modification of its original contract with France for the supply of a small reprocessing plant for spent nuclear fuel, it will give France the excuse to renege on the two-year-old contract.

France has already said that it will not attempt to export other reprocessing plant, although it may still co-operate with other nations on reprocessing studies.

President Giscard d'Estaing has said categorically that France will fulfil the order, but has couched his statement in terms sufficiently ambiguous to avoid the need to provide a process capable of separating pure plutonium—a nuclear explosive.

The French Government now accepts that, although the contract when made conformed with all international provisions on nuclear safeguards (the Pakistanis even offered additional safeguards), it no longer conforms with world opinion on proliferation.

Formerly, the French Government was not communicating on the claim of Pakistan's military ruler General Ziaul Haq that France no longer wishes to supply the reprocessing plant. However, the Elisee Palace has acknowledged that President Giscard d'Estaing wrote to the General on August 9 asking for even further safeguards than those already agreed between the two countries.

Over the past months a series of missions has discussed safeguards, with the French demanding in particular that the plant should produce a mixture of plutonium and uranium—the so-called "co-processing" process—rather than pure plutonium. Paris also apparently held back on supplies of equipment to Pakistan.

There is not much doubt that France would be relieved to have the contract off its back. The overthrow of the Pakistani Prime Minister Mr. Zulfikar Ali Bhutto by the Army gave Paris a useful pretext for re-examining the deal.

The contract also involves the French Government in some awkward export policy inconsistencies. At the end of 1976, the President brought together a special council to examine nuclear export policy. It declared France's willingness to impose rules for non-proliferation that were at least as severe as those set down by the London club of nuclear exporting nations and placed the ban on any further sales of reprocessing plants.

But it exempted deals already signed, noting that the contract with Islamabad was in any case tight enough to conform with international rules as they then stood.

The main problem for the French has been virulent U.S. opposition to the deal. With the Government dependent on Gaullist votes, and the Gaullists traditionally allergic to any suggestion that France was tolerating "U.S. interference" in her affairs, the Government could not afford unilaterally to cancel the contract. But there is no doubt that the renegotiations of the past year could be seen as a tacit invitation to Pakistan to call off the dogs.

Energy review, Page 8



## OVERSEAS NEWS

## Guerrilla war in Rhodesia shuts hundreds of schools

SALISBURY, August 24.

**GUERRILLA WARFARE** in Rhodesia has forced the closure of hundreds of black schools as well as a few white ones, according to official figures disclosed today.

An Education Ministry spokesman said that 25 per cent of the estimated 943,000 black children who would normally be in school had been sent home and 947 schools in the vast country-side had been abandoned.

In the past six weeks alone, 103 primary and secondary schools had shut down because of the war.

Earlier today the Government announced that it was closing one of the top secondary schools for whites and two white primary schools because of shrinking numbers of pupils.

An Information Ministry spokesman said Guinea Fowl High School, near Gwelo in the Midlands, was the first white secondary school to shut down since the Federation of Rhodesia and Nyasaland broke up in 1963.

He also disclosed that 18 white primary schools had been closed since the beginning of this year.

Joint Education Ministers Gibson Magarane and Rowan Cronje, who announced the closures, attributed them to a lack of pupils and said Guinea Fowl was teaching only 218 although it had a capacity of 500.

Rhodesia's white population is currently about 250,000 and has been declining at a rate of 500 to 1,000 a month since 1976 as the guerrilla war intensifies.

The relatively small numbers of white children displaced have been promised places in other schools, but most of the black children whose schools have closed have nowhere else to go.

Some black schools have been burned down or are in dangerous zones and many of those still operating are overcrowded.

Education authorities blame the plight of the black school system on intimidation and acts of war by black nationalist guerrillas.

African Education Secretary Anthony Smith described the abandoned schools as "silent reminders of terrorist intimidation on African communities."

According to official figures the African education system should be served by about 3,500 primary and secondary schools. Today there are only 2,555 and 124 respectively.

It is generally accepted that

only a drastic reduction in hostilities can help the thousands of young Africans now apparently doomed to illiteracy.

But the war shows no signs of slackening as the foreign-backed Patriotic Front guerrilla alliance battles the racialist Government set up under an agreement reached by Premier Ian Smith and three black leaders on March 3.

Of the 3,000 people reported to have been killed so far this year, 2,200 have died since March 3. The death toll for the past seven months alone is almost one-third of the 9,719 reported in the course of the six-year-old war.

Reuters.

## Kenya leadership delay

BY QUENTIN PEEL

NAIROBI, August 24.

**WITH THE** Kenyan Cabinet concentrating on ensuring the continued smooth day-to-day administration of the country, and on arrangements for the state funeral, it is unlikely that the organisation for the election of a successor to President Kenyatta will be finalised immediately.

The essential part of the process will be the choice of a candidate within the country's sole political party, the Kenya National Union (KANU).

Although the state constitution does not limit a political party to presenting only one candidate, the KANU constitution lays down that the party leader should also be head of state, thus

making it unlikely that more than one candidate will stand for formal national election.

One problem is that the party organisation is in considerable disarray, following the cancellation of elections for local officials in 1977. Although the national executive might normally be expected to put forward a new party leader, only two members of the executive are actually elected. It thus seems likely that a full conference, which could number around 1,600, will have to be called to choose a candidate.

Observers here believe that the interim president, Mr. Daniel arap Moi, is in a very strong position.

## Commission reports on Iran fire disaster

By Anthony McDermott

TEHRAN, August 24.

**THE FINDINGS** of the commission of inquiry into the fire in Abadan last Sunday, officially presented to Mr. Jamsheed Amuzegar, the Iranian Prime Minister, last night, were made public on the national radio this afternoon.

The report of the commission tends to confirm mounting accusations during the past few days of incompetence by the local authorities in Abadan, it also suggests that the fire was started deliberately, but does not indicate who might have been responsible.

Rumours have been rife inevitably, with the Government accusing "Islamic-Marxist" terrorists and its opponents of using the fire to sabotage the Shah's Government.

The commission puts the casualties at 377 dead, most from suffocation, and 40 injured. It says the fire was started by the placing of fire-raising material in the cinema itself and in the corridors. However, it makes no mention of the controversial question of whether the exit doors were locked.

Witnesses have been quoted as saying that the authorities may have locked the doors to the corridors inside. A bottle with batteries attached by wires was also found.

The report adds that the fire started at 8.45 pm, but the police did not inform the fire brigade until 10.22 pm. When the brigade arrived some of its pumps did not work.

General Reza Karami, the Abadan police chief who was recalled recently to Tehran, probably to answer these accusations of incompetence, is likely to lose his job, according to diplomats.

## Feuding Palestinians call truce

BY HUSAN HIJAZI

**PALESTINIAN** guerrilla factions which have been engaged in a feud which has become increasingly bloody in the past few weeks have declared a truce and agreed to abstain from taking reprisals against each other.

The agreement was the result of mediation by Algeria.

Abu Nidal, the guerrilla leader who heads a breakaway Palestinian group operating with Iraqi assistance from Baghdad, issued a statement last night announcing that he will abstain from retaliatory action against Al Fatah, the large group led by Palestinian Liberation Organisation chairman Yasser Arafat as long as the latter does the same.

All guerrilla energies must be devoted to fighting the common enemy, Israel, the statement said.

Abu Nidal, whose real name is Sabry al Banna, heads a group called "Fatah al Revolutionary Council". It has claimed responsibility for a number of actions against moderate Palestinians who supported Mr. Arafat.

Among them were Mr. Said Hammar, the PLO representative in London, who was shot in his office in January. Mr. Ali Nasser Yassin, the representative in Kuwait who was shot in June, and the PLO representative in Paris who was murdered earlier this month.

In retaliation, Mr. Arafat's own men are believed to have been responsible for a series of attacks

in the past two months in Iraqi embassies and officials abroad.

At the end of last month the car of the Iraqi ambassador to Britain was attacked shortly before he was due to get into it, the car of the Iraqi ambassador in Beirut was machine-gunned, there was a terrorist attack on the Iraqi embassy in Paris, and Iraqi diplomats in Karachi were attacked.

Within Lebanon there was heavy fighting between Fatah and other groups with-in Palestinian refugee camps and on August 13 a bomb explosion totally destroyed a block of flats in Beirut, killing nearly 150 people. 13 of them Fatah members and 36 members of the Palestine Liberation Front, a group linked to Abu Nidal.

Abu Nidal broke away from Fatah four years ago and is under a sentence of death by the group.

He issued his statement last night after a meeting in Baghdad with Mr. Mohammed Yazid, the Algerian ambassador to Beirut, who had earlier held talks here with Mr. Arafat. Mr. Yazid also delivered a message to Iraqi President Ahmed Hassan al Bakr from the Algerian leader.

While the Palestinians have decided to bury the hatchet, their anti-Israel activity in foreign countries may be stepped up in advance of the Camp David summit conference. In Damascus yesterday, the

BEIRUT, August 24.



First known picture of Abu Nidal.

PLO's policy-making body, known as the Palestine Central Council, formed a special committee to discuss plans for unity among the guerrilla groups, it was announced. The announcement described the council's discussions on inter-Palestinian solidarity as very positive.

## Begin plan for peace under study

JERUSALEM, August 23.

**ISRAELI** Prime Minister Menachem Begin met his Cabinet Ministers one by one today to discuss secret proposals prepared for his summit meeting with Egyptian President Anwar Sadat at Camp David in the U.S. next month.

The Ministers filed into Mr. Begin's office to study the proposals contained in a document almost 100 pages long. Government officials said.

The proposals will be the main topic at next Sunday's Cabinet meeting, the last before Mr. Begin leaves for the meeting on September 5 with Mr. Sadat and President Carter.

The document is believed to be based on Mr. Begin's well-known peace plan granting limited self-rule to residents of the West Bank of the Jordan and Gaza Strip, with Israel retaining responsibility for public order and the right to keep soldiers in the areas.

Egypt has already rejected the plan, which in part resulted in a stalemate in the Middle East peace talks.

Mr. Begin was quoted in a newspaper interview last week as saying some changes were possible in his plan.

Editorial comment, Page 18

## Plan to share yen rise profits

BY CHARLES SMITH, FAR EAST EDITOR

TOKYO, August 24.

**THE JAPANESE** Government has finally made up its mind to "advise" the electrical power industry to share with consumers exchange profits resulting from the yen revaluation.

The Ministry of International Trade and Industry (MITI), which oversees the privately owned electrical power companies, expects to come up with a recommended rebate scheme within the next two weeks.

The scheme will apply to eight out of the nine generating companies in Japan (the ninth, in Hokkaido, will be excluded because its power is generated from domestic coal rather than from imported oil). A similar scheme will be proposed for the three main private enterprise gas companies, in Tokyo, Nagoya and Osaka.

MITI's decision to support a rebate scheme follows several weeks of highly-publicised pressure from consumer groups and opposition political parties for a reduction in electricity rates.

Some of the latter have claimed that power companies will receive windfall profits of more than ¥400bn (about £102.5bn) during the current fiscal year if the yen stays at its present exchange rate against the dollar.

The profits will result from a reduction in the yen-denominated cost of crude oil and liquefied petroleum gas imports made directly by the power companies as well as from lower prices for refined oil products bought from Japanese oil companies.

MITI is using the much lower figure of ¥255bn, as the basis for its calculations, arguing that only direct imports of crude oil or gas by the power companies should be taken into account in an assessment of exchange gains.

The Ministry also favours a rate of ¥200 to the dollar as the

most realistic basis for forecasting future exchange gains rather than the current rate of around ¥280.

On the strength of this, it appears that the most average household is likely to gain about ¥150 in its monthly electricity bill with a possible "backsliding" in the beginning of the current fiscal year. There will also be a promise, however, of steady electricity rates throughout the fiscal year to March, 1980.

MITI is seeking to minimise the impact of the rebate scheme on power company profits because it does not want to discourage the companies from stepping up their investments in new generating capacity this year.

The electricity industry is one of the few major industries in Japan which is proposing a substantial increase in capital spending during 1978.

## SENEGAL'S ECONOMY

## Struggling against famine

BY ROBERT HECHT IN DAKAR

**YET ANOTHER** cycle of drought and famine is currently striking Senegal, sending this once relatively prosperous West African country into a serious economic decline. The widespread agricultural failure resulting from the drought has also brought into sharp relief the country's continued heavy dependence on the West, both for emergency aid and for long-term assistance.

During the wet season in 1977, rainfall in Senegal was generally only a half, and in some places a third, of normal. Production of millet, the staple crop, dropped 45 per cent, and the groundnut harvest, which provides a major share of foreign exchange earnings, was down by 48 per cent. Massive food shortages have ensued this year, and in the hard-hit northern region, one relief agency (Catholic Relief Services) reports that about one-third of the young children are suffering from extreme malnutrition.

To meet this large food deficit, Senegal has imported 200,000 tonnes of rice and 120,000 tonnes of wheat on commercial terms, and has accepted another 200,000 tonnes of emergency foodgrains provided mainly by the U.S., Canada, the European Economic Community and France. Fortunately, relief operations this year were better planned and carried out than in the drought of 1973-74, and apparently most of the 3.1m Senegalese earmarked for emergency rations have actually received their share of the food.

The drought has had a strong and immediate harmful effect on Senegal's entire economy. Real GDP declined 3.2 per cent in 1977, and the decline is expected to continue through 1978. The severe drop in farmers' incomes has weakened demand for locally-produced consumer goods, forcing some domestic manufacturers to boost exports in a desperate effort to avoid major losses. With the sharp fall in groundnut output, Senegal's groundnut processing plants, which account for nearly a quarter of the nation's industrial activity, have either shut down or are operating on a very limited basis.

European exchange earnings are way down this year, by as much as 70 per cent according to a Ribank official, and Senegal's 1978 trade deficit will probably be much larger than the \$1.25bn equal to a quarter of the value imports recorded in 1977. The Government has also been behind in paying its bills, although it is not yet in serious trouble, and even though State pending for 1978-79 is supposed

to be 25 per cent higher than in the previous year, most of this increase is for recurrent expenses, with an actual decline in new investment.

The current Senegalese regime, directed by President Leopold Senghor and the political bureau of his Parti Socialiste, has adopted a series of measures to reduce the country's economic decline. Senegal has rapidly increased its indebtedness abroad, to more than \$430m, and bankers here predict that the country will continue to draw more foreign credits.

In the last few years, American and British banks have success-fully penetrated what has historically been a French financial preserve in Senegal.



offering "clean" loans—with no supplies specified—for high risk investments, while the French banks follow a more conservative strategy of providing export-financing with strings attached.

Citibank recently managed a syndicated \$80m dollar loan to the Government, half of which will pay for a large rice-growing scheme in the southern Casamance region, and it is reported that Chase Manhattan is arranging a loan for a new textile factory at Kaolack, just north of the Gambian border.

Despite the fact that nearly all Senegalese industry is foreign-owned, with more than 80 per cent of industrial capital in the hands of French firms, the Senghor Government is actively seeking more foreign investment. Its efforts have met with limited success, however. A free industrial zone was established near Dakar in 1974, offering huge tax breaks and low-cost electricity, but so far only two firms have set up factories there.

A few new industrial projects, including a cement factory, a cottonseed oil refinery, and a

phosphoric acid plant, have a good chance of being built in the near future. It is doubtful, however, whether some of the prestige investments which the Senegalese Government boasts about, such as the new 1,000-room hotel and a luxury Hilton Hotel, will ever get off the drawing board.

The project which most observers here consider a possible economic life-saver is the Senegal River Basin Development scheme, which features the construction of two dams on the river plus the installation of hydro-electric generating equipment at a cost of over \$800m. If work on the dams begins next year as scheduled, seasonal flooding will be brought under control in 1983, thus permitting the irrigation of up to 400,000 hectares of farmland in Senegal and Mauritania. With so much irrigated land, Senegal could solve its food shortage problem and virtually eliminate famine in the future.

Senegal has attempted to promote and diversify foreign trade by staging bi-annual trade fairs in Dakar, but some specialists question their value. It is unlikely, they say, that the trade fair facilities, which cost \$25m to build and which are only used for ten days every two years, will ever be paid for by an increase in foreign commerce.

France continues to dominate Senegal's international trade, accounting for 67 per cent of exports and 80 per cent of imports, but Britain, importing mostly phosphates and groundnut oil, has recently become its second most important trading partner.

Most economic analysts in Dakar see the next few years as difficult, but a quick rebound from the 1977 drought followed by slow but steady growth is the best the country can hope for, at least until the two dams on the Senegal River are completed.

These analysts say that "political stability" is Senegal's greatest economic asset. By this, they mean not only that President Senghor has ruled the country without serious challenge since independence from France 18 years ago, but also that Senegal has remained open to Western trade and investment. Despite the President's socialist rhetoric, his country's economy is based on private enterprise, and his strong support for French and American foreign policy initiatives in Africa shows that he is politically aligned with the West.

## DKB'S ECONOMIC JOURNAL

August 1978: Vol. 7 No. 8

## Japanese Government's policy management needs close watching in future

The yen exchange rate against the U.S. dollar, which bearishly marked time in the early part of 1978 after a sharp upswing last autumn, began to soar conspicuously again from late June through early July.

In higher yen has become steadily evident in the real phase of economy through declining cost in corporate management and further calming down of prices from the falling prices of imported raw and processed materials.

On the other hand, the rapid upsurge of the yen is beginning to bring the fresh pressure to bear upon the corporate business performance and the employment situation, particularly in industries heavily dependent on export sales or suffering from the structural handicaps.

Also creating new misgivings is the deflationary effect of the yen appreciation on domestic business.

Against this background, Prime Minister Takeo Fukuda pledged Japan's effort to strive for achieving a 7 per cent economic growth in the current fiscal year at the summit of the seven industrial nations held in Bonn in the middle of July.

## Production activity

In the phase of production activity, Japan's mining-manufacturing production in May registered a 0.3 per cent increase over the previous month on a seasonally adjusted basis. It was a continuous gain for the seventh consecutive month since last November. However, the increasing tempo has slowed down since April. Production activity has begun to show signs of marking time.

The rising pace of shipments in the mining-manufacturing sector also has begun to slacken after a 3.3 per cent gain in the January-March quarter of this year over the previous quarter, seasonally adjusted.

Inventories of manufactured products, seasonally adjusted and compared with the previous quarter, registered a 2.2 per cent decrease in the January-March quarter and continued to dip by 0.3 per cent in May after a slight gain in April, indicating the progress of inventory adjustment.

All in all, inventory adjustment still is in full swing.

## Employment front

In response to the trend of production activity, the employment climate has continued severe. The number of regular workers (at workshops with more than 30 workers on payroll) continued to decrease from the year-ago level in 1975, 1976 and 1977. This trend has continued into this year.

The employment situation appears further deteriorating in view of new developments, such as the stagnation of the growth of the total number of workers and regular employment in all industries exclusive of agriculture, forestry and fisheries, including minor workshops, the slackening of the growth of extra hands and day-laborers, and the slump of female employment (see chart).

Under such circumstances, the effective job offer to applicant ratio in May, seasonally adjusted, continued to deteriorate to 0.53-fold. The rate of completely jobless also stayed high at 2.3 per cent.

The employment situation in May thus continued to worsen in comparison with the previous month.

Although corporate earnings are expected to improve gradually in the future, this trend is considered to be supported by the diminishing scale of corporate management. Hence, the improvement of corporate profitability is not likely to mean direct improvement of the employment climate. The employment problem thus is destined to become an important policy issue for the government.

## Private demand

In this situation, how smoothly the keynote of the current recovery, which depends more heavily on public demand based on the fiscal outlay, may shift stress to private demand is considered to hold the key to the full-scale rally of business.

As to the trend of public demand, the public works outlay in the April-June quarter of this year registered an increase of 28.2 per cent over the year-ago level after a 2.5 per cent gain in the January-March quarter. The fiscal outlay thus has been progressing smoothly.

In the phase of export trade, exports have continued a high

growth on both the yen-denominated and dollar-denominated bases, although the growth on the former basis has begun to slacken gradually.

The export growth also is destined to slow down as to volume in the future under the increasing pressure of the yen rate upsurge since the second half of this June. Considering that the advance of export prices has been nearing the limit, export trade on a yen-denominated basis is likely to slacken further. Its support to domestic business eventually is bound to weaken.

The trend of personal consumption expenditure, the most important demand factor, is another vital key to the future course of domestic business relying depending on private demand.

The recent trend of personal consumer spending appears encouraging. The increases of the note issue and department store sales have been gradually accelerating. Sales of major consumer durables, such as passenger cars and air conditioners have continued favorable.

For all that, a rapid elevation of the propensity to consume can hardly be expected in view of many deterrents. First, the wage raise through Shunto (the annual spring labor struggle for higher pay) this year stood low at only 5.9 per cent, according to the Ministry of Labor.

The increase of summer bonuses this year over a year before was estimated at only 2.4 per cent, according to the Federation of Employers' Associations. A sharp gain of compensation of employees thus appears difficult for some time.

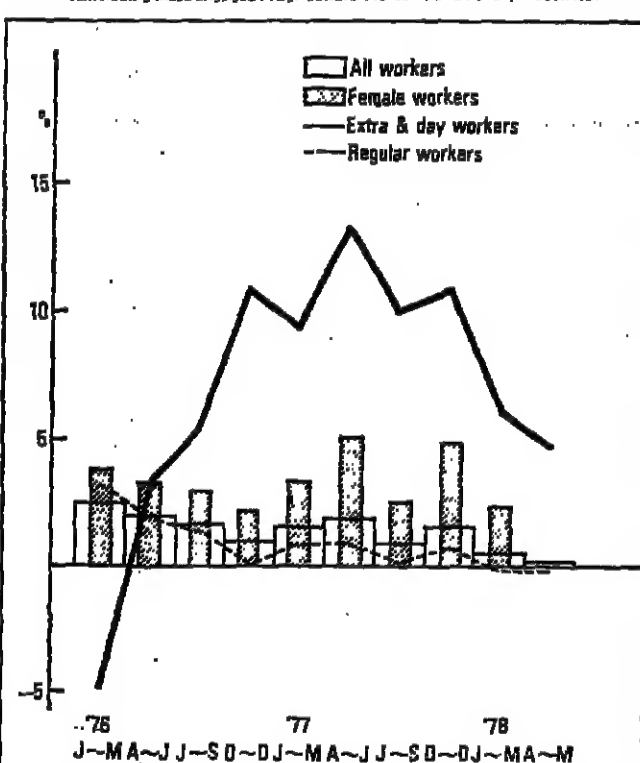
Second, the net advance of the producer price of rice was meager at slightly over 1 per cent, and the business climate surrounding unincorporated proprietors has continued severe. With the propensity to consume thus staying at a standstill, a sizable growth of personal consumer spending is not conceivable.

On the other hand, housing investments are expected to make a moderate growth as housing starts based on loans by the Housing Loan Corporation are bound to gain.

The outlook of plant and equipment investments is

## Year-to-Year Changes in Number of Workers

(Excluding those employed in agricultural, forestry and fishery industries)



Source: Prime Minister's Office

anything but particularly heartening, although corporate executives are beginning to take a brighter view of the future outlook of domestic business.

The equipment operation rate index in the manufacturing sector (1975=100) registered 111.0 in May, this year on a seasonally adjusted basis. However, the real operation rate is estimated to stand at around 80 per cent.

Shipments of capital goods and orders for machinery have remained stagnant. Judging from the recent trends of related factors, the state of plant and equipment investments is not considered to have extricated itself from the sluggish keynote.

## External imbalance

In the phase of international

payments, Japan's balance of payments has continued to register a sizable surplus. However, Japan's surplus in this phase is likely to dwindle gradually at a high level in view of the recent developments of related factors.

First, exports on a dollar-denominated basis are expected to slow down in the future, although they still have stayed at a high level. Second, imports on a dollar-denominated basis registered a high increase of 15.4 per cent over a year before in May. Licensed imports in June also swelled by 15.1 per cent over the year-ago level, registering a two-digit gain for the first time in seven months since last November. Third, the yen exchange rate made another sharp upswing from late June through July.

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## AMERICAN NEWS

## Carter promises more funds for fast-breeder research

BY DAVID BUCHAN

PRESIDENT CARTER has agreed to an increase in funds for nuclear breeder reactor research to \$1.5bn over the next three years, during which time the controversial Clinch River reactor project would only be mothballed, not ended, as Mr. Carter pledged last year.

The nuclear lobby in Congress believes this to be an important retreat from the President's April 1977 stand against breeder reactors on the grounds that, because they use weapons-grade plutonium, they increase dangers of nuclear arms proliferation.

Mr. Carter also urged other countries to follow his lead in eschewing breeder technology.

Mr. Carter gave the commitment last week when he was in sore need of key Congressional votes on the unrelated issue of the natural gas bill. Advocates of breeder projects in Congress consider this no weak the U.S. on an equal footing with the West European countries and the Soviet Union at least until 1981.

Given Mr. Carter's present sorry political fortunes, they also see the possibility of a more pro-nuclear incumbent in the White House by that date.

Energy Department officials today denied there was any major switch in policy, noting that the President has always supported some level of breeder research and that the new agree-

WASHINGTON, August 24.

ment did not commit the Administration to build any breeder reactor after 1981, either at Clinch River in Tennessee or on any other site. Senator James McClure, whose approval for the gas bill was vital to the Administration, yesterday released details of the understanding reached with the White House. By it, Mr. Carter promised to support the spending of some \$100m to keep the half-completed Clinch River project in a state of suspended animation until 1981, while funding at roughly \$500m a year a liquid metal fast breeder research of the kind already being developed in France, West Germany and the Soviet Union.

The Carter-McClure compromise has yet to be endorsed by Congress as a whole, and it may run into trouble in the House of Representatives, which is considered susceptible to nuclear industry pressure for a more aggressive programme.

But the compromise would for the time being resolve the present impasse over the Clinch River project, which Congressional votes have kept alive but which could never be completed over Mr. Carter's head, because only the executive can grant it an operating licence.

By 1981, when the Carter-inspired international nuclear fuel cycle evaluation (involving the U.S. and other countries) will presumably be completed—

## Nicaraguan guerrillas leave palace for airport

MANAGUA, August 24.

GUERRILLAS WHO took over the national palace, here in the Nicaraguan capital, on Tuesday left it today with their hostages for the local airport to be flown out of the country.

Authorities said political prisoners, freed as part of the guerrillas' demands, were awaiting them at the airport to join flights to three other Latin American countries.

In Havana, the official Cuban daily Granma said the guerrillas, with the released prisoners, would be flying to Panama, Venezuela, Mexico and Costa Rica.

Thousands of people, some waving black and red flags, lined the road to the airport. Others staged a violent demonstration as the buses bringing the guerrillas and their hostages approached the terminal. The demonstrators broke windows and threw stones at the buses. The guerrillas, who were armed, fired shots at the demonstrators. The buses rolled on to the tarmac where the 50 guerrillas were to receive a \$5m ransom. They had earlier demanded \$10m but brought their demand down, after negotiations by mediators.

The guerrillas themselves were due to fly with 26 freed political prisoners to Panama. After 24 other former prisoners had left for Venezuela and 18 for Mexico. The released political prisoners included eight women.

The guerrillas were accompanied to the airport by two Nicaraguan diplomats, the ambassadors of Peru and Panama.

The Spanish National radio reported that the guerrillas had taken a Government minister, a nephew and cousin of the Nicaraguan President, General Anastasio Somoza, and four Congressmen to the airport as hostages, to prevent a possible attack by the National Guard.

President Somoza and his cabinet last night decided to meet the demands of the Sandinista Liberation Front guerrillas who, stormed the palace on Tuesday while up to 3,000 people were inside. The building contains the Congress and the Interior and Finance Ministries.

The guerrillas asked for amnesty for all political prisoners, the release of imprisoned members of their group, a \$10m ransom, and aircraft to fly them and the released prisoners to Venezuela, Panama and Mexico.

After the Government agreed to their demands, the guerrillas freed most of their remaining hostages, except for about 40 parliamentarians and a number of journalists.

After the guerrillas had threatened to start killing hostages if their demands were not met, the government last night made its first concession to them by broadcasting a list of the demands on the national radio.

The guerrilla communiqué said all seven demands in their petition must be met before hostages would be released, including a claim for a 50 per cent wage rise by striking hospital workers and a general amnesty for all political prisoners.

Asked on the telephone by Spanish journalists if he feared a last-minute attack by Nicaraguan government forces, the leader of the guerrillas, who calls himself Commander Zero, said, "definitely. It is very possible."

He said all remaining hostages would be freed when the guerrillas left the palace.

Spanish national radio, Commander Zero said he believed the guerrilla action would be fatal for the government of President Somoza.

Another guerrilla said some political prisoners, whom they wanted to be freed, had disappeared, and added, "this means they were killed in jail."

In Havana, where the Sandinistas maintain an office, the Cuban news agency said a second squad of guerrillas had taken over Nicaraguan National Guard barracks in Chapagua, 12 miles north of the border with Costa Rica, where the guerrillas had prepared incursions into Nicaragua.

The Sandinista front, named after the Nicaraguan guerrilla leader, César Augusto Sandino, who led an armed rebellion against U.S. Marines occupying Nicaragua in the 1930s and 1940s, have long opposed the 40-year, right-wing rule of the Somoza family.

Reuter

## Peking 'ready to accept' private loans from Japan

BY CHARLES SMITH

CHINA is now ready to accept private loans from Japan's Export-Import Bank, officials in Peking are reported to have told a delegation from the Japanese Kyodo News Agency.

The statement, if correctly reported, means that the Ex-Im Bank, so far confined to lending to Japanese companies exporting to China, will now be able to make loans directly to Chinese borrowers. This has not been possible up to now because of China's consistent refusal to accept foreign loans.

A spokesman for the Ex-Im Bank told the Financial Times today that he knew of no actual negotiations for loans for China and that if such negotiations were in progress "only a very small circle" at the Bank would be aware of them. He confirmed that the Bank had extended direct loans to the Soviet Union.

The Ex-Im Bank is wholly owned by the Japanese Government and thus would not usually be considered a source of "private loans."

In using this expression, Chinese officials may have been trying to distinguish between the Ex-Im Bank and the soft loan Overseas Economic Co-operation Fund, which lends to developing countries as part of the Japanese aid programme.

Export finance in some form will play a major part in Sino-Japanese trade during the next few years since Japanese exports to China will exceed imports

TOKYO, August 24.

during the first half of the recently negotiated eight-year trade agreement. China seems to be pressing for low interest rates on Japanese export finance but rates on Ex-Im Bank loans seem likely to be held at levels specified in the OECD's gentlemen's agreement.

Japan is to pay \$1.5bn in advance of its next nine years of uranium imports from the U.S. as part of voluntary efforts to cut its huge trade surplus, the Resources and Energy Agency said today.

The agency expects to sign a deal on the enriched uranium in Washington tomorrow.

Japan's trade surplus, which was almost doubled to \$12.38bn in the first half of the year.

Reuter

## Soviets may buy gas equipment

Financial Times Reporter

RUSSIA is seeking tenders for 50 gas turbine compressor sets worth around \$100m for another extension to its growing natural gas pipeline network into Siberia.

Officials from the Soviet Embassy's trade office in London visited the Clydebank offices of John Brown Engineering Gas Turbines earlier this week to discuss the possibility of placing further contracts for gas turbine compressor stations.

The company has already completed two contracts to supply the Russian purchasing organisation Machineimport with a total of 45 turbine units worth \$20m.

Delivery of this equipment was completed at the beginning of this year, ahead of schedule, largely due to JBE's policy of building ahead of order. About 25 per cent of the factory's output is speculative.

A spokesman said yesterday that they understood the Russians were seeking a quotation for 50 units which would be worth about \$100m. It was a preliminary inquiry and no information was offered on which pipeline the equipment is for, or whether they are seeking the heavy duty General Electric type used by the Soviets or the lighter weight design developed by GE to match the proposed use of Rolls-Royce's Avon jet engine for gas compression.

JBE is also hopeful of further gas turbine orders from China, where it has already sold a total of nine turbines for power generation and pumping uses since 1971, worth a total of \$8.6m.

The Clydebank firm's managing director, Mr. Graham Strachan, was the only Scottish businessman on a recent UK mission to China, led by the Trade Secretary, Mr. Edmund Dell.

JBE Gas Turbines are also near to concluding a firm order for four power generation turbines for Vietnam.

The company, which employs 2,000, has just started a \$10m expansion, its second in three years.

## Trade between East and West Germany reaches new record

BY LESLIE COLLITT

BERLIN, August 24.

TRADE BETWEEN East and West Germany rose to a record DM4.3bn in the first half of this year, an increase of 5.6 per cent over the same period last year, West German deliveries to the German Democratic Republic were up 9.1 per cent to DM2.2bn while the GDR sent DM2.08bn worth of goods and services to West Germany, up 4 per cent.

Both sides to the trade saw increases in commercial and non-commercial trade as well as in duties and quotas are imposed.

The increase in intra-German trade compares with an overall rise of 10.8 per cent this first half year in West Germany's trade with all Communist countries. East Germany's accumulative trade imbalance with West Germany rose to DM3.2bn at the end of June.

The East German performance, with deliveries up 4 per cent to West Germany largely because of increased services rendered, compares favourably with its exports to other Western countries which are estimated to have declined again this year.

West Germany's trade surplus with the GDR of DM187m resulted largely from major long-term West German industrial projects in East Germany. Only recently Krupp Industrie and Stahlbau completed a factory at Luckenwalde to produce pipe fittings.

Krupp also finished a turnkey project at the Henningsdorf steel and rolling mill earlier this year worth DM120m. Krupp delivered an electric arc furnace, equipment for the steel plant, environmental protection devices and also modernised existing facilities.

The growth in West German deliveries results largely from wood products which were up 11.7 per cent to DM 576m and 11 per cent to DM 93m. The West German trade figures were bolstered substantially by the steep increase in services which were up by DM 90m as a result of higher payments to East Germany for postal services rendered and for removal of garbage from West Berlin.

Traditional large East German exports to West Germany such as agricultural products were down 4 per cent to DM 333m while chemicals were down 0.9 per cent to DM 175m, and machinery and electrical engineering products fell by 7 per cent to DM 138m.

## Indonesia investment plea

JAKARTA, August 24.

INDONESIA is suffering an increasing deficit in trade with West Germany, according to Mr. Subhan Mangkusumondo, director general of foreign trade, and Indonesia's trade minister. Mr. Subhan Prawito suggested that West Germany boost investment in medium and smaller industries in the form of joint ventures, especially in companies that could process Indonesian raw materials for export to West Germany in the form of items such as plywood and furniture.

He hoped that West Germany's trade exhibition next year would display more industrial machinery and equipment rather than luxury consumer goods, adding that machinery is badly needed by Indonesia's medium and smaller industries.

AP-DJ

## Iraqi phone extension

By John Lloyd

THE IRAQI Government is planning a major expansion of its telephone network, involving the introduction of the latest computer-controlled exchanges and solid state digital switching. The cost of the expansion planned by the Government will be around \$50m.

The first concrete results of the decision to expand came yesterday, when Cable and Wireless announced that it had won a contract thought to be worth around \$250,000, for the provision of consultancy services. Cable and Wireless will speedily the requirements of the new system, will assist in the introduction of the new technology and will train Iraqi operators and engineers.

The potential for large orders for UK companies from the expansion must be held to be limited. The Iraqi Government has made it clear that it wishes to invest in an electronic, digital system, not yet available in the UK. System X, which would fit these specifications, will not be available for export until 1983 at the earliest.

Besides this, Cable and Wireless follows a rigorous policy of specifying the best equipment for the job, irrespective of its country of manufacture. However, since the project will contain some civil engineering and construction work, there will be opportunities for those UK companies which have already proved themselves in Middle Eastern markets.

There may also be opportunities for cable contracts where both STC, the UK subsidiary of IRI, and BICC are strong.

## Citibank refutes tax accusation

BY DAVID LASCELLES

NEW YORK, August 24.

CITIBANK TODAY refuted accusations that it had engaged in questionable foreign exchange practices in Europe and the Bahamas, and said that Citibank is confident that it will be shown to have carried out its policy of complying with all relevant laws and regulations.

The refutation appeared in its house journal, Citibank News, and was an elaboration of the bank's defence against charges by Mr. David Edwards, who is seeking \$14m from it in a wrongful dismissal suit.

The article says that, over the last 21 years, Citibank conducted its own thorough investigation of Mr. Edwards' charges and that some of the bank's foreign exchange employees were taking illicit payments, and that a number of European branches were placing currency with the Nassau branch in order to evade European tax, while retrieving the profits under a separate accounting system.

This investigation, the article says, concluded that these allegations were unfounded.

In addition, Mr. Edwards failed to

produce evidence of improper actions by employees, it says.

Separate investigations are also being made by the bank's outside legal counsel and independent auditors, who are expected to report in the autumn. The article concludes that the charge that Citibank sought to "park" currencies in Nassau to evade tax is a moot one, because U.S. transnational companies are liable to U.S. tax for profits made in countries where there is no taxation.

However, observers familiar with the case have pointed out that the article does not mention the fact that Citibank's tax liability to the U.S. is not a moot one, because U.S. transnational companies are liable to U.S. tax for profits made in countries where there is no taxation.

Mr. Edwards' charge is that Citibank earned a large proportion of its profits abroad and, in so doing, built up a tax credit which exceeded the U.S. profits to which it could be applied. By allegedly transferring profits to Nassau, and later, New York, Citibank increased its tax liability to U.S. tax, and was therefore able to apply a greater proportion of this credit.

In discussing Citibank's investigation of his charges, the article does not mention Mr. Edwards' allegations that he was denied access to the outside investigation ordered by the Board of directors, and was refused an interview with the Board. Mr. Edwards maintains that the only way he could communicate with the Board was by sending them copies of his dossier, but he never received a reply.

## Moves to avert postal strike

BY JOHN WYLES

NEW YORK, August 24.

EFFORTS WERE under way today to try to avert a strike next week by one large postal service union, the National Association of Letter Carriers, whose members have voted to reject a proposed new contract settlement.

The 200,000-strong union voted 78,288 to 58,532 against the proposed agreement, which had appeared to be the Carter Administration's most solid victory in its fight to slow down wage increases.

The most immediate problem posed by the vote is that the Letter Carriers' constitution requires a strike to be called if bargaining is not resumed within 30 days.

This ignores the fact that postal workers are legally prevented from striking, and the federal Mediation and Conciliation Service stepped in yesterday in a bid to avert the potential conflict.

After hearing the result, Mr. William Bolger, the Postmaster General, issued a statement late yesterday saying that the law provided for binding arbitration in a situation such as this and that "we intend to fully comply with the law."

Mr. Wayne Horvitz, the Mediation Service director, met both sides yesterday and again today, after he made his allegations. Mr. Horvitz said that the result of a similar ballot by the American Postal Workers Union (APWU) is known tomorrow night.

An APWU spokesman said today that the balloting appeared to have been heavier than normal with more than 170,000 of the union's 280,000 members having voted.

Mr. Joseph Vacca, the Letter Carriers' president, yesterday bitterly laid some of the blame for the ballot result on Mr. George Meany, president of the American Federation of Labour Congress of Industrial Organizations.

Mr. Meany at the beginning of the month criticised the postal service's offer of 19.5 per cent in pay and benefits over three years as inadequate.

Mr. Vacca said he would ask the AFL-CIO to supplement his union's modest strike fund adding: "I think Mr. Meany might help us after he destroyed it (the settlement)."

If the Letter Carriers do strike, then the postal service would almost certainly seek a court injunction forcing the union to order a return to work. Individual employees who ignored this would be liable for \$1,000 fines and a year's imprisonment.

The last time the postal service was hit by a stoppage was in 1970 when 200,000 workers walked off their jobs and federal troops were called in to move the mails. Although the postal service will not conduct this, it is thought a similar contingency plan has been developed for this year.

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## Laser destroys anti-tank missile

BY DAVID FISHLOCK, SCIENCE EDITOR

THE U.S. Defense Department confirmed yesterday that an experimental laser had been used by the U.S. navy this year to intercept and destroy a high-speed anti-tank missile.

A pulse of infra-red light from the laser was apparently used to destroy the missile, much as a flame-thrower is used to pierce tank armour. No range has been indicated, however.

The experiment, first reported this week by Aviation Week of New York, was carried out near San Juan Capistrano in California, at a facility of the TRW defence and space systems group. The fire-control part of the laser weapon was developed by Hughes Aircraft.

At the same time, the department confirmed an earlier laser demonstration by the U.S. army in 1976, when a helicopter was shot down by a high-energy laser.

As a weapon, distinct from a method of aiming other weapons, the high-power laser has clearly come a long way from the days of the U.S. army helicopter was reported as saying, of the laser is to hit the enemy over the head with the butt.

The type of laser now used is a chemical one which generates its light beam through a violent chemical reaction—virtually a small explosion.

The department has been paying for experiments with such chemical lasers as potential anti-satellite systems, since they could be put aboard "killer" satellites without the need for cumbersome electrical power supplies.

According to the scientific literature, the most powerful kind of chemical laser yet demonstrated is the hydrogen fluoride laser, in which two gases, hydrogen and fluorine, combine violently to produce the pulse of light.

According to Aviation Week, the U.S. navy has used an isotopic laser of hydrogen called deuterium, which would be chemically identical but which presumably produces an infra-red pulse of a frequency more efficiently transmitted through the atmosphere.

## Liebig closes meat plant in Paraguay

By Robert Lindley

BUENOS AIRES, August 24.

IT WAS learned here today that the plant in Paraguay of the British-owned Liebig meat company closed down on August 16, after having been operating for 53 years.

It was the highest meat-packing enterprise in Paraguay. Its personnel, reported at 2,350, has been dismissed. Sr. Fernando Leru, the general manager of the plant—which is in Zeballos, a town of 15,000 inhabitants six miles from Asunción—said the closure was made necessary by "the copious losses Liebig has been supporting for five years as a result of the retraction of the world meat market."

## RSV order from E. Europe

By Charles Batchelor

AMSTERDAM, August 24.

RLIN - SCHEDE - VEROLME (RSV) has announced that its offshore construction division has received a \$110m (98m) order from Petrobrás, an East European prospecting consortium, to build an oil platform. Petrobrás is a combined Soviet-Polish-East German organisation which prospects for oil in the Baltic.

Apart from the platform itself, Holland's largest ship-building group will supply the equipment including the bore tower, main bore, pumps, pipes and drilling bits. It will also train the crew which will work on the platform.

This is the only platform currently on RSV's order book.

## CPI wins £30m N.Z. fertiliser plant contract

BY LORNE BARLING

CAPITAL PLANT INTERNATIONAL, a subsidiary of the Mitchell Cotts Group, has been awarded a \$30m contract by the Natural Gas Corporation of New Zealand as lead manager for an ammonia plant to produce fertiliser.

Fish Engineering and Construction of the United States will build the ammonia plant with a capacity of 22,000 tonnes a year at a cost of nearly \$8m, and contracts for urea and ammonia sulphate plants have yet to be awarded.

Feedstock for the new plant will be natural gas from the new offshore Maui field and it will be the first time this gas has been used for other than fuel purposes.

## THE URUGUAYAN ECONOMY

## Export boom with internal problems

BY SUE BRANFORD RECENTLY IN MONTEVIDEO

SHIPS with their holds packed with bleaching sheep steam out of Montevideo's harbour on their way to Saudi Arabia. Huge quantities of fish are sent across the Atlantic to Africa. In some ways, Uruguay's trade seems strangely anachronistic in the modern world of sophisticated refrigerated shipping.

Yet these old-fashioned ventures are the result of modern sales techniques, according to a former Minister of the Economy. If Uruguay's export drive is to be successful, we must find the holes in the world market," he commented. "What is the use of sending frozen beef to Saudi Arabia if they haven't adequate storage facilities? Sending them mutton in this way, they can use it whenever required."

After almost 20 years of economic stagnation, the military who took power in the early 1970s made up their minds to pull the country out of its rut. Imposing an export-oriented model of development, similar to the one successfully applied by their colleagues ruling Brazil, their huge neighbour to the north.

Greatly enthused by the excellent earnings that the country's traditional exports—beef, mutton and wool—were bringing in during the early 1970s, the military officers and technocrats planned the country's new boom. After negotiating badly from 1965 to 1972, with an accumulated trade deficit of just 1.6 per cent, the farm sector was to be injected with new vigour.

It was foreseen in the National Development Plan, 1973-77, that farm production would grow by 40 per cent during the period.

Much of the increase was to be channelled into exports, heralded a new era of prosperity. With the military's iron rule, which stifled the suppression of political parties and trade unions, no social unrest was to spoil the plans.

The strategy was upset by the violent drop in world prices of farm produce. Far from booming, the export sector has been in a slump during the period, only a fifth of the planned increase. Beef exports plummeted from \$147.6m in 1970 to \$89.4m in 1975, recovering partially to \$100.4m in 1977. Mutton fared even worse, dropping from \$18.6m in 1970 to \$5.4m in 1977. Wool was the least disappointing. After falling from \$71.9m in 1970 to \$40.7m in 1974, it has picked up again to \$120.7m in 1977.

Yet the planned export boom has not failed. Thanks in part to incentives, exports of new products, particularly manufactured leather goods, have performed unexpectedly well. Sales of shoes and clothing rose from an insignificant \$1.8m in 1971 to a sizeable \$48.9m in 1976. Exports of non-traditional leather goods increased from \$18.7m to \$156.8m during the same period. Portland cement and fruit have also grown very well.

In all, exports rose from \$214.1m in 1972 to \$607.5m in 1977. The share of non-traditional export items, mainly manufactured goods, has shot up from a quarter in 1973 to 37 per cent in 1977.

However, the rapid rise in manufactured exports has demanded an even quicker growth in imports, particularly of

machinery and equipment, for Uruguay's capital goods industry is almost non-existent. The value of this import item grew six-fold during the period, from \$13.1m in 1972 to \$78.1m in 1977. Without its own motor industry, Uruguay's imports of transport material also rose substantially.

Oil traditionally has been responsible for at least one third of Uruguay's import bill, for the country has no oil deposits and its two hydroelectric power stations only generate 360,000 kW. However, oil is not responsible for Uruguay's present trade problems. While increasing in absolute terms, oil imports have lost ground in relative terms. Last year they were worth \$188m, which was a quarter of the total. The recent heavy imports have transferred Uruguay's traditional small surplus on its trade account, into a deficit of around \$100m over the last four years. This, in turn, has weighed down Uruguay's gross foreign debt, which stood at the dangerously high level of \$1.3bn in December 1977, which was more than twice export earnings.

The highly satisfactory performance of the manufacturing export sector has been accompanied by a disturbing neglect of the farm sector, the traditional source of Uruguay's prosperity.

The application of phosphate fertilisers to improve the pastures was growing at around 10 per cent per annum, reaching 145,000 tons in 1974. Beef production was increasing at about the same rate.

But the world crisis of overproduction of beef had a catastrophic impact on the sector, which was scarcely mitigated by

**Hydro Quebec**  
9% Debentures  
Series D E due  
1st August, 1992

Debentures covering U.S. \$5,000,000 have been purchased on the market to satisfy the Purchase fund due 1st August, 1978.

**Cocaine haul**  
What is believed to be the largest haul of smuggled cocaine on record has been seized by Bahamas marine police on a small bay in the Exumas, Nicki Kelly reports from Nassau.

The 446 lbs of this drug, with foreign-owned aircraft, a Colombian and an American have been arrested. The seizure surpasses a record 274 lb cache discovered under similar circumstances two months ago.

According to recent U.S. State Department testimony before a Senate sub-committee, the Bahamas and Jamaica are being used as "major transshipment points" for the traffic.

**U.S. COMPANY NEWS**  
Liggett makes agreed \$130m bid for Government of Argentina. Bank offer for La Salle Feeders pays asset charges against Chrysler—Page 24.



سكاي، ايجل

# A bit of a wolf in sheep's clothing.

A motoring writer recently described our new two litre saloon, the Fiat 132, as a bit of a wolf in sheep's clothing. Obviously he found the body shape too quiet for his taste.

Well it certainly doesn't look like something out of 2001, we agree. But to our eyes it's unostentatious, classical and restrained.

Perhaps, though, he was alluding to the interior of the 132. Did he find it indulgent, plush and over-protective from the harsh realities of the road?

Could be.

Though others have said it's surprisingly comfortable and well-equipped with one or two original touches—sun vizors that slide into the roof

out of harm's way, for example.

However, there can be no doubt about the wolf bit. When you switch the engine on it positively growls.

A twin cam, fast breathing engine with a progressive twin choke Weber carburettor delivers 112 bhp and a top speed of 106 mph\*.

For an information pack with the full specification road test, colour choice and details of our Mastercover warranty, write to the address below.

**FIAT**

If you are also interested in our Fleet leasing scheme, let us know and one of our representatives will come to discuss it with you.



The Fiat 132-two litre.

(Source of figures: Fiat SpA)



## HOME NEWS

## Tory plan to probe role of State oil company

By Kevin Done, Energy Correspondent

THE Conservative Party's future energy policy will include a commitment to re-examine the role of the British National Oil Corporation, which could lead to its eventual abolition.

This warning was given yesterday by Mr. Tom King, Opposition spokesman on energy, after a three-day meeting of the Tory energy team to complete party policy ahead of a possible autumn election.

In a statement after the meeting, Mr. King attacked the Government's record on energy conservation. Progress in industry and commerce had been particularly disappointing, he said.

In a future Tory administration the Energy Secretary would take personal responsibility for leading a national energy-saving campaign. It would not be left to a junior Minister.

A conservation campaign should be organised at top management level and the Secretary of State should organise an urgent conference of leaders of industry and commerce, said Mr. King.

On North Sea oil, the Tory energy team of five MPs—including Mr. John Hamann, Mr. Peter Viggers, Mr. Neil Macfarlane, and Mr. Jim Lester—endorsed three main policy aims:

- To monitor reserves and production so as to regulate the rate of depletion;
- To ensure maximum economic development of oil and gas fields; and
- To enforce environmental, safety and security standards.

The future of the corporation would be reviewed in the light of these goals. If they could be better achieved by other means, "we shall wind it up," said Mr. King.

A detailed plan had been prepared for setting up a regulatory authority to reform the country's North Sea interests.

Mr. King's statement endorsed previous party policy on the need to maintain the available domestic sources of coal, nuclear, electricity, oil and gas.

This would require not only substantial public investment but also a big contribution from private enterprise.

## Barclays retail credit scheme

By James Farth

BARCLAYS is launching a pilot scheme next week for operating individual retailers' credit cards. The trial, which will be assessed at the end of the year, will be carried out with Dunn and Co. the tailor.

The scheme, called Barclaycard and registered as an arm of Barclaycard, aims to provide a complete funding and administrative service for retailers wanting their own "in-house" credit system. Dunn's described the fee for the service as "very reasonable."

It is believed to be the first time that a UK bank has offered a service of this kind to retailers. If the trial is successful, Barclays expects to make a full launch of Barclaycard by next summer. The bank is already negotiating with other retailers.

Barclaycard is designed to be flexible and retailers using it will be able to offer customers budget, option or term-accounting systems, including the issue of a credit card bearing the retailer's name. Barclays says the interest rates charged will be competitive.

## £5m service scheme for BSC

A NEW service department for British Steel Corporation's continuous casting steel plants started operations.

Commissioned by BSC, Cumbria, the department cost £5m. It has enabled turnaround times for mould and top zone refurbishing to be more than halved in some cases. With at least a quarter of BSC's output expected to be produced by continuous casting in the 1980s, the department has been planned to cope with the expected rise in demand.

## 'Time theft' costs £5bn

FINANCIAL TIMES REPORTER

EMPLOYEES "steal" more than £5bn from their companies every year by abusing or wasting time at work, according to the Robert Half Personnel Agency.

Robert Half claims that a survey based on questionnaires sent to 60 companies shows there is an average weekly loss of three hours and 20 minutes per employee every week through "time theft."

"Time theft" comes in various shapes and sizes: arriving late, leaving early,

## More rapid rise in GDP than expected

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE ECONOMY has been growing more rapidly than was previously assumed, according to official estimates published yesterday.

Gross Domestic Product is now estimated by the Central Statistical Office to have grown by 4.8 per cent between 1975 and 1977 compared with the 3.4 per cent rise previously estimated.

The change is the result of re-basing of the national accounts at constant 1975 prices rather than at 1970 prices as before.

The re-basing takes account of changes in relative prices and in relative contributions to Gross Domestic Product.

The change to 1975 relative prices has had little overall effect on the estimated growth rate between 1975 and 1977, but has made a substantial difference in the last two years.

This is mainly because of the sharp rise in the price of oil between the 1970 and 1975 price bases, and hence the revaluation in 1975 costs and prices of North Sea oil, production of which only started in significant quantities towards the end of 1975.

Consequently, the growth of Gross Domestic Product is now estimated at 1.84 per cent between 1976 and 1977 compared with 1.07 per cent on a 1970 price basis.

This is according to an average of different estimates. The impact on the rate of economic growth this year will be shown when estimates of second quarter Gross Domestic Product are published on September 30.

The initial impact is shown in the second quarter estimates for capital investment and physical stocks published yesterday.

The reweighting of the national accounts constant price series is carried out every five years by the Government statistical service.

The impact of North Sea oil

can best be seen through the estimates of Gross Domestic Product based on output data. The total effect of re-basing and later information has been to increase this estimate of economic growth between 1975 and 1977 by about 2 per cent, of which about 1 per cent is attributable to the oil and natural gas sector.

The main effect on the expenditure-based estimates of the change in the valuation of oil is in movements of the volume of imports. Reflecting the growing dependence on North Sea oil, imports of fuels fell by 17 per cent in volume between 1976-77.

According to the department, UK manufacturers produced a total of 64,917 units during the

CAPITAL SPENDING AND STOCKS (£m, seasonally adjusted at 1975 prices)					
Fixed Capital Expenditure		Changes in physical stocks			
Total Manufacturing	Total	Manufacturing	Retailers		
1975	7,928	3,522	-1,370	-1,221	-100
1976	7,601	3,345	460	316	13
1977	8,296	3,573	737	442	29
1st	1,988	851	511	267	162
2nd	2,024	879	240	79	-18
3rd	2,111	910	174	19	-76
4th	2,174	932	161	115	-39
1978 1st	2,156	920	266	71	114
*2nd	2,190	979	273	191	102

\* Provisional. Source: Department of Industry.

## COMPARISON OF GROSS DOMESTIC PRODUCT at 1970 and 1975 prices

rebased to 1975=100, with estimates at 1975 prices in parentheses

	1973	1974	1975	1976	1977
Output	103.8	101.9	100.0	102.3	104.8
data	(103.1)	(102.0)	(100.0)	(101.2)	(102.8)
Average	103.4	101.4	100.0	102.9	104.8
estimate	(103.3)	(101.7)	(100.0)	(102.3)	(103.4)

Source: Central Statistical Office.

This fall has a substantially larger weight in the measurement of all imports when valued at 1975 prices instead of 1970 prices. Largely for this reason the growth between 1976-77 in imports of goods and services is estimated at 4.3 per cent in rebased accounts, compared with 8.5 per cent in the 1970-based accounts.

This change in basing is equivalent to annual growth of about 11 per cent in the expenditure-based estimate of Gross Domestic Product.

In contrast, rebasing has had the effect of slightly reducing the rate of growth in total domestic expenditure.

## Vehicle output disappointing

BY MICHAEL CASSELL

VEHICLE PRODUCTION in the UK was again disappointingly low in July, according to the Department of Industry.

July is seasonally poor for car output. Even so, production last month was 14 per cent below that achieved in the same period last year. Commercial vehicle production was virtually the same as in July last year.

According to the department, UK manufacturers produced a total of 64,917 units during the

month against 122,110 in June and 78,097 a year before.

In the seven months to the end of July, car output was 1 per cent higher than in the same period last year, with export production falling by 8 per cent and home market output rising by 9 per cent.

Commercial vehicle production in July totalled 27,220 units against 39,481 in the previous month and 27,027 in July 1977. Output in the first seven months of 1978 was 3 per cent above the

corresponding period last year, with production for export falling by 10 per cent and home market output increasing by 15 per cent.

The poor output reflects holidaying, disputes and disruptions. It comes as private and commercial vehicle sectors approach record levels. Car registrations this month might challenge the all-time monthly record of 234,000 set in 1973, although more than half of sales might involve imports.

## Engineering sales still rising

BY MICHAEL CASSELL

A CONTINUING improvement in engineering sales both at home and for export during the three months up to the end of May is reflected in figures released yesterday.

Total sales, according to the Department of Industry, rose by 21 per cent when compared with the previous three months. New orders increased by 11 per cent.

New homes orders have been improving slowly since the middle of last year and are expected to maintain this growth over the next few months. The department says that it is unclear whether the decline in new export orders recorded during 1977, reflecting some loss of competitiveness, has been halted.

Home sales in the three months up to May rose by 2 per cent over the previous quarter. The rising trend, which began towards the end of last year, comes after a two-year period during which domestic sales fluctuated only slightly.

In contrast, the volume of export deliveries grew from the middle of 1976 until a setback in early 1977. They have recently resumed their upward trend, rising by about 15 per cent between February and May.

Home orders on hand showed little change during the latest quarter under review, as the intake of orders was just sufficient to balance the level of sales.

## Nearly all brewers made profits over two years

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

A NEW survey of the British brewing industry has shown that virtually all brewers made a profit in their last published financial accounts. Out of 111 companies surveyed by Jordan Surveys, only three had made a loss.

"This proportion of loss-makers is unquestionably smaller than that encountered in any other industry that we have examined," comments Jordans, which publishes regular detailed financial surveys.

In its survey published yesterday, there was little difference between the major publicly-quoted brewers and the smaller private companies in terms of financial performance.

The two-year average of profit margins for the major brewers was 8.03 per cent, with smaller companies earning an average 3.88 per cent margin.

Of the major brewers, Allied Breweries, which is bidding for the J. Lyons food group, has the second-lowest profit margin, although having the highest turnover.

Jordans comments that the "atrocious summer weather of

1978 will certainly have a depressing effect on the industry." But in the longer term it suggests that there is much less certainty about the way the market will develop.

While Allied Breweries is predicting that lager sales would be the high growth area in beer sales by the end of the century, other estimates suggest that the lager market will be less spectacular.

"Real ale will probably keep, but not greatly expand, the share that has been won for with so much publicity," Specialist beer producer, including some of the bigger regional brewers, provide tempting takeover targets, although more probably from companies outside than inside the brewing industry.

The survey also predicts that public houses "will become less of a main preserve" and that more will sell food.

The top performing company in the survey was Joseph Holt, a Manchester-based brewer with profit margins of almost 30 per cent.

The British Brewing Industry, Jordan Surveys, 47, Brunswick Place, London, N.1, 160.

## Changes urged in powers against terrorism

By Rupert Cornwell, Lobby Correspondent

THE GOVERNMENT'S powers to combat terrorist activities in the UK were given broad endorsement last night by an official report from Lord Shackleton.

He warns, however, that the existing 1974 and 1978 Acts should not be regarded as a permanent feature of British law, and makes several recommendations for change.

The report, commissioned by Mr. Merlyn Rees, Home Secretary, last December, emphasises that Prevention of Terrorism legislation cannot be dispensed with in the present terrorist menace continues—a threat underlined only last weekend by the attack against El Al airline employees in London.

Lord Shackleton, a former Labour leader in the House of Lords and Lord Privy Seal, stresses the need to strike a balance between effective powers to tackle terrorism, and the importance of preserving basic civil liberties.

But in a key passage he concludes: "A society will always seek to defend itself against threats to its security... we must be prepared to forego some of our civil liberties for a time if this is the cost of preserving the essentials. My judgment is that while the threat from terrorism continues, the powers in this Act cannot be suppressed."

Useful

Last night Mr. Rees warmly welcomed what he called a "most useful" report by Lord Shackleton. Its recommendations would be considered and a detailed response announced as soon as possible, the Home Secretary added.

The document suggests a number of changes in the present legislation which would have the effect of reducing the powers of the police—including the abolition of the Act's Section 11, which makes it an offence to withhold information about forthcoming acts of terrorism.

The police would also lose their right to detain someone at a port for more than seven days. Port procedures should be brought into line with those elsewhere, so that the Home Secretary's authorisation would be required for any detention beyond 48 hours.

Lord Shackleton wants a review of exclusion order cases, and urges several improvements in the conditions under which detainees are held. Access to solicitors should be made more simple, though the report accepts that there can be no automatic right of access on the provisions of Judges' Rules.

As far as the IRA is concerned, Lord Shackleton believes that the proscription of the organisation has made no more than a "marginal contribution" to the fight against terrorism. The move, however, has been valuable as a recognition of public feeling.

## Productivity falls 20% at State shipyard

BY LYNTON MCLEIN, INDUSTRIAL STAFF

PRODUCTIVITY at Austin and Pickersgill's Southwick shipyard on the River Wear, Tyne and Wear, has fallen by more than 20 per cent since nationalisation.

The fall is "deplorable," Mr. Derek Kimber, company chairman, has told the work force in the latest issue of the Austin and Pickersgill house magazine.

The company was in danger of losing the goodwill of its customers and ship owners around the world.

Mr. Kimber said the success of the shipyard, which has sold over 100 SD.14 cargo vessels from Britain's first production line for ships, depended "entirely on restoring our former levels of productivity."

Before productivity began to fall at the yard, the standard SD.14 ships were produced on the line at a rate of one every 16 weeks. Production is now taking 20 weeks or more.

Five factors are seen as contributing to the fall in productivity. Two of them, pay negotiations and the system of management, are directly connected with nationalisation of the yard after the Aircraft and Shipbuilding Industries Act created British Shipbuilders in March last year.

All matters connected with wage bargaining now have to be referred to the Industry Department in London. There have been delays of more than four

months in reaching agreement over wages, creating intense frustration among workers and management.

The workforce is said to have been quick to sense that the local management at the yard was no longer able to manage in the way it had done before nationalisation.

The management at Austin and Pickersgill, as with other yards nationalised, is an autonomous part of a federal structure managed by the Board of British Shipbuilders.

But in practice the individual management feels it has little chance of exercising its responsibilities and is aware that the work force at Austin and Pickersgill has sensed this and realised that local management had to keep referring matters to British Shipbuilders. The management may have thus been discredited in the eyes of the workforce.

Three other factors leading to low productivity have been suggested. More than 850 men have been transferred from the now closed Bartram shipyard to Southwick on the Wear as part of a £20m development programme. This has caused some discontinuity. There has been teething troubles with new equipment and the men are said to be worried about the world depression in shipbuilding.

Editorial comment, Page 18

Sweden has given the Oden Line, a new Swedish operator, 30 per cent grants for three years to help it to join the 100 per cent loans without repayments for three years.

There would be insufficient cargo for these ships at a time when Ellerman re-ro ships on the Swedish routes were running only half full.

Nevertheless, the British line has already taken delivery of the first of two new re-ro ships for the North Sea, built with aid from the nationalised British Shipbuilders at Smiths Dock on the River Tees. The second vessel is expected to be delivered in November.

Mr. Martin-Jenkins said last night that British Shipbuilders had agreed to extend the instalment period for payments, which resulted in a small reduction in interest costs.

Other Ellerman services have left the port of Hull over the past few years. Mr. Tim Martin-Jenkins, the divisional chief executive, blamed the latest move on Swedish Government subsidies, which had created unwanted excess capacity on the North Sea.

BRITAIN'S steel buyers are roughly equivalent to the price of the domestic steel producers. It has also brought in a general price rise for many types of home-produced steel.

However, 49.3 per cent of steel buyers thought the plan would be good for the EEC steel industry, against 40.9 per cent who thought it would not.

The survey also found that steel stockholders had not fully grasped the implications of the plan, and had not passed information about it on to their customers.

The Davignon plan has raised the prices of most steel imports from non-EEC countries to levels

beginning to be called within the Post Office "the SPOE problem." The Society of Post Office Executives is a 30,000-strong managerial union whose members supervise the work of the

In this way arises what is beginning to be called within the Post Office "the SPOE problem." The Society of Post Office Executives is a 30,000-strong managerial union whose members supervise the work of the

The last of these is important because it is the only effective sanction the Post Office management has: the others may, or may not, remain mere pieties.

So, assuming that monitoring is effective and the figures for unit costs are to be trusted, the Post Office should not find itself worse off, at least—though it may have stored some trouble in the future if the demand comes to end the present direct link between unit costs and productivity payments.

Where it certainly has given itself an immediate headache is in conceding—or agreeing to—McCarthy's concession—that the engineers should reap all the benefits of the new deal's increase in productivity.

It had been Post Office practice to insist on sharing productivity gains three ways: part to the workers in extra payments or shorter hours, part to the customers in holding prices, part to the Post Office in reserves. The system changed to a straight 50:50 split: 50 per cent to the workers, 50 per cent to customers and corporation.

In the present arrangement, the workers would take all the gains since they are required only to lower unit costs by as much as it takes to pay for the shortening of their hours.

## Mortgage cuts hit house sales

By Michael Cassell, Building Correspondent

THE CUTBACK in mortgages is having a severe impact on house sales, according to the House Builders Federation.

An inquiry just completed by the Federation also shows that three quarters of the companies taking part reported worsening delays for the finance which is available.

According to the Federation, the latest situation represents "an alarming further deterioration from the already poor situation reported in April."

Six months ago, fewer than 5 per cent of house builders said mortgage money was limiting demand, but the industry now says it has become the single most important limiting factor in the housing market.

The Federation says: "The April inquiry showed, not surprisingly, a massive turn-round for the worse in the availability of home loans because securities were having to rapidly adjust lending levels to match sharply reduced lending targets."

"The latest inquiry, however, could have been expected to show at least a stable or slightly improving situation, in view of current easing of lending restrictions. There has, in the event, been a worsening of the position, with reduced mortgage availability and longer delays in obtaining mortgages being reported."

The Federation adds: "The situation illustrates that government intervention to restrict mortgage lending earlier this year has had a severe and continuing effect upon the private house building industry."

According to the house builders, the level of demand for new private housing seems to be stabilising around the improved level to which it moved in the first half of 1978. An inquiry conducted among housing contractors in March showed they expected to start about 165,000 private homes this year against 135,000 in 1977.

Yesterday's figures also showed that the lack of building land at viable prices remains the most important factor limiting the supply of new housing, with over 80 per cent of the 20 house building companies taking part describing the land-supply position as "a major immediate problem."

BRICK PRODUCTION in July reached only 370m against 446m in the previous month and 397m a year before. In the May/July quarter, output was 3 per cent lower than in the previous three months and 7 per cent down on the same period a year before.

July deliveries totalled 468m against 526m in the month before and 439m in July 1977. Between May and July, deliveries were 13 per cent up on the preceding quarter and 7 per cent higher than a year earlier.

Fall in brick production

## NEWS ANALYSIS—POST OFFICE DISPUTE

## Engineers count their gains

BY JOHN LLOYD

cash—not important to an organisation whose Giro service is dedicated to help bring in the "cashless society."

So important is the union has agreed to a "recovery mechanism" which will mean that if productivity gains sufficient to cover the cost of shorter hours do not ensue, the engineers lose their productivity bonus commensurately.

The last of these is important because it is the only effective sanction the Post Office management has: the others may, or may not, remain mere pieties.

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In the present arrangement, the workers would take all the gains since they are required only to lower unit costs by as much as it takes to pay for the shortening of their hours.

The union executive has agreed to tighter monitoring procedures, to better collaboration on new technology in the future, to exhort its members to work harder, and to recommend a move away from payments in

the telecommunications business's headquarters in the City say that they may improve because of this settlement.

The commitments made by the executive on better collaboration, especially with the post office coupled with the engineers' rated by management conceding part of a claim, are given as reasons for the optimism.

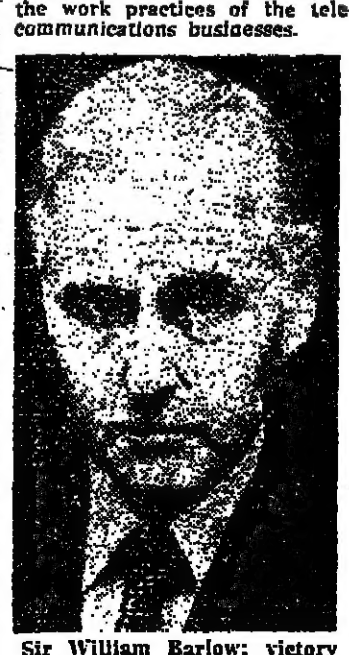
However, it is also admitted that the union demonstrably has had difficulty in dealing with the militant members who pushed for the 35-hour week even while the executive was indifferent to it, forcing the executive on to an unwilling offensive.

The Post Office believes that there are both far Left and far Right (National Front) "agitators" who are using the shorter week to advance their positions in the union. This agitation will continue, especially in London, Mr. Ken Ford, director of the London telecommunications region, warns that he cannot give a guarantee of industrial peace.

This is seen in part as the inevitable reactions to pay policy, in part to a general increase of power at shop steward and activist level.

The optimists say the bulk of the union membership is not militant, and that they were deterred by the Post Office's action in sending home those engineers who banned overtime in the past three months. They will not, it is believed, want to jeopardise their earnings again in support of the militants' demands.

However, the loyalty of the engineers to their union is well known and the shorter working week has proved a popular platform. The union will continue to believe it has won a victory and its appetite may grow on what it feeds on.



Sir William Barlow: victory for no one.



Bryan Stanley: union's victory.



روزنامہ دنیا

Financial Times Friday August 25, 1978

His Mortgage  
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# Why the French are setting the pace

ON A cliff-top near Cherbourg, from which the Germans directed the radio beams guiding their bombers to Coventry in 1941, a cluster of large white concrete buildings and one tall chimney dominate a skyline once dotted with radars. Security today is no less stringent, however, for this is the site of one of three big factories planned in Europe—in defiance of present U.S. Government policy—for the reprocessing of spent nuclear fuel and the separation of plutonium.

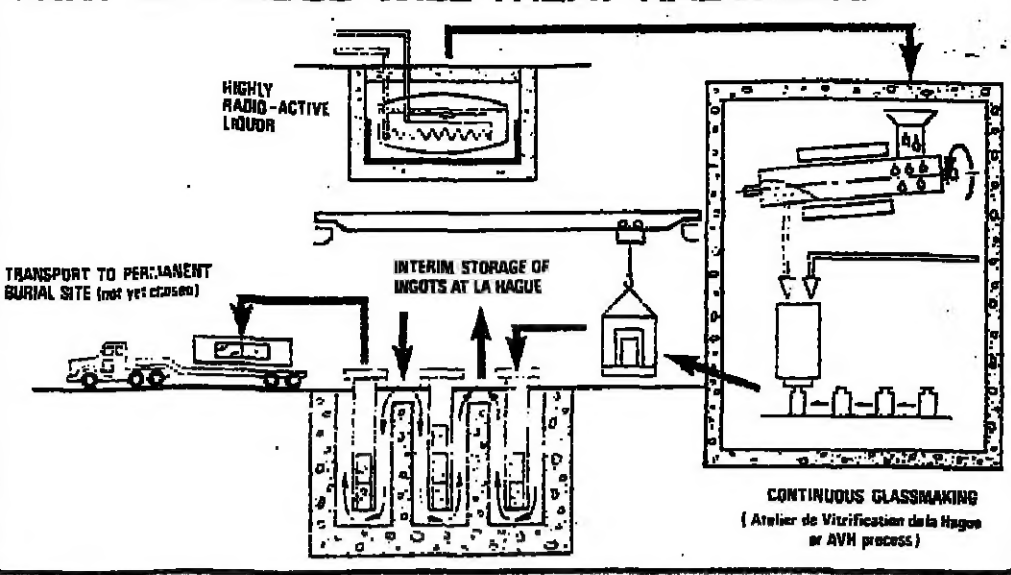
In 1971, Britain, France and West Germany announced that they had founded a tripartite "club" called United Reprocessors, to pool the European market for reprocessing capacity and to phase construction of new capacity. The club, although clearly an attempt to discourage—at that time for purely commercial reasons—other nations from investing in their own reprocessing capacity, was subsequently declared by the EEC not to be a cartel, but to be in Europe's best interests.

When directors of the club's shareholders meet in London next week it will be to discuss an organisation significantly different in aims and objectives from the one they spawned just seven years ago. No longer is there any question of discouraging other would-be reprocessors—at least not for commercial reasons. The partners cannot hope to meet all the international demand for reprocessing over the next two decades, even if they complete on schedule three of Europe's most ambitious industrial projects.

Of the three "club members" the French believe they are now setting the pace. Windscale's new 800MW thermal oxide reprocessing plant (THORP), given British Government approval in May, was held up for two years by government prevarication and will not be on-stream before 1988. West Germany's plans for the equivalent of THORP, at Gorleben, severely hampered by anti-nuclear campaigners, are not expected to come to fruition before 1980. But France already has commercial oxide fuel reprocessing capacity in operation and expects to build up to the equivalent of THORP as early as 1984.

West Germany's reprocessing plans for the present are concentrated solely on fulfilling that country's domestic require-

## HOW LA HAGUE WILL TREAT RADWASTE



Plans approved for Britain allow British Nuclear Fuels to seek about 3,000 tonnes of overseas fuel for reprocessing during the first decade of THORP's life, the majority of which it has now secured. France, however, has signed contracts for almost twice as much overseas fuel, 5,600 tonnes from light water reactors in seven other nations (see table).

Still more significantly, since the overseas contracts of both Britain and France contain clauses obliging the customers to take back the highly radioactive waste left after reprocessing their fuel, the French have already demonstrated how this can be done. Daily for 28 days this summer they have been casting 300 kg of solidified waste as glass ingots. Britain's plans call for a start on construction of a pilot plant for the process late next year, and its first radioactive ingots only late in 1981.

## Modelled

For the past two years the French reprocessing business has been the responsibility of Cogema (Compagnie Générale des Matières Nucléaires), a wholly owned subsidiary of the Commissariat à l'Energie Atomique (CEA). Cogema, CEA officials frankly admit, was modelled on British Nuclear Fuels.

Cogema operates two reprocessing sites: Marcoule in the Rhone Valley, mainly for military purposes though the site includes pilot reprocessing

facilities; and at Cap la Hague on the sparsely populated Cherbourg peninsula, about 20 km from the seaport. In the early 1960s, on rugged moorland 180 metres above sea level, the French began clearing a blockhouse to build a modest chemical plant—some 18 years after nuclear construction began at Windscale. It has operated industrially only since 1967.

The site was chosen, says Mr. Maurice Delange, its director for the last four years, above all because the fast-running tide can be used to sweep away radioactive effluents far into the ocean, while winds blow offshore from the factory almost 100 per cent of the time. Of recent criticism of his factory on BBC television by fellow countryman Jacques Cousteau, Mr. Delange remarks drily: "I'm not sure whether he knows anything about the sea, but he knows nothing about nuclear energy." Certainly Mr. Cousteau's fears of tidal waves sound a little far-fetched from an office over 800 feet above sea level.

In preparation for both foreign and domestic spent fuel, Mr. Delange has a major construction project already in hand at La Hague. A chemical separation plant originally designed to reprocess 500 tonnes a year of uranium metal fuel from France's seven gas-graphite reactors is being modified to reprocess, by 1984, 800 tonnes a year of oxide fuel from light water reactors. The plan is to transfer almost all the reprocessing of natural uranium

to Marcoule by the mid-1980s.

The critical modification to La Hague's UP2 plant, as it is called, has already been made, and received the Government's approval on safety earlier this year. This is the addition of a new front end to the process called the "highly active oxide" plant, permitting the facility to treat the more intensely radioactive oxide fuels. Mr. Delange can now alternate between reprocessing metallic and oxide fuel.

The main modifications now being excavated in the sandy cliff-top are large extensions of capacity to store both incoming oxide fuel and highly radioactive liquid waste. For incoming fuel, two very large concrete ponds, each designed to hold 1,000 tonnes of fuel, are well advanced in construction alongside UP2. They will also serve the next big extension of reprocessing capacity, designated UP3. As for the highly active waste, La Hague is awaiting the formal report on the Marcoule trials this summer before planning the world's first commercial facility for solidifying acid waste as present stored—much like Windscale—in sealed stainless steel cauldrons (see accompanying sketch).

The UP3 facility will in fact be not one but two further plants of the size of UP2, 600 tonnes a year apiece, but designed from scratch for reprocessing oxide fuel and solidifying the highly active waste. Already the basic plans have been settled. The La Hague management says con-

idently there is no question of accepting U.S. ideas for "proliferation-resistant" cycles such as co-processing of uranium and plutonium as a mixture—UP3 will separate pure plutonium using the well-tested PUREX process. UP2 "A" plant is expected on-stream in 1986; UP3 "B" in 1989-90.

A Forum meeting held in 1971, at the time United Reprocessors was being set up, came to the conclusion that large reprocessing plants of about 1,500 tonnes per year capacity would cost in the order of Fr 300m and employ about 300 people. The estimates proved optimistic. Today's best guess, say the French, is a capital cost about ten times as great and twice the workforce. The reason—as with nuclear reactors—is a rapid escalation in the cost of provisions for extra safety. They pervade the entire project, from the process itself to the factory perimeter—at La Hague they are installing floodlights and an electrified fence as extra precautions against terrorist attack.

The Cogema management is coy about the precise terms of its contracts, disclosing only that its most difficult customer is the domestic utility

with the outcome, and still more with the declarations of UK Government confidence made by Dr. David Owen, Foreign Secretary, in international reprocessing as a sound way of discouraging plutonium proliferation. Politically, said one, it has opened the way to persuading the U.S. that it has got its anti-proliferation policy wrong. But they also say frankly that the public inquiry is an Anglo-Saxon concept which has no place in their system of democracy.

La Hague still seems to be the prime target of anti-nuclear feelings in France, but opposition has waned quite dramatically since the General Election. Response to attempts to muster a local protest in June was so poor that it was rescheduled for the autumn. As for efforts to exploit union grievances arising from the transfers of CEA industrial staff to the new company Cogema, Mr. Delange says that 95 per cent of his workforce have now signed up with Cogema. The rest remain CEA employees but have until next summer to make up their minds. Their dilemma, says Mr. Delange, is that Cogema's terms are better than those of the CEA. His own tough problem is to maintain the very high existing standards—now set and monitored by the Health Ministry—for radioactive liquid and atmospheric emissions from his factory, while greatly expanding its throughput over the next ten years.

A problem which La Hague has not yet had to face is storage of plutonium on the site. As fast as it has been separated it has been shipped away for fabrication into fast reactor fuel. But in 1984 oxide fuel reprocessing plant will be separating 8 tonnes a year of plutonium. Late that decade the twin streams of UP3 will each be separating eight tonnes a year of plutonium, much of which Cogema is expected to store for its overseas customers, until such time as they can show that they need it themselves for internationally acceptable experiments.

A top-security plutonium store at La Hague, similar to that already existing at Windscale but probably under international control, is a likely addition. And the site is already earmarked for Europe's first commercial plant to fabricate plutonium fuel for fast reactors.

## COGEMA REPROCESSING CONTRACTS

	Tonnes
Japan	2,200
Sweden	620
W. Germany	1,705
Switzerland	449
Austria	262
Holland	120
Belgium	324
<b>TOTAL</b>	<b>5,640</b>

\* At about \$300,000 per tonne.

Electricité de France. What is plain, however, is that so rapidly has the cost of reprocessing escalated that it has not proved possible to secure from every such terms as the 40 per cent down-payment towards the cost of plant construction which United Reprocessors once agreed upon.

Neither for UP2 nor for the big expansion of capacity envisaged with UP3 do the French contemplate holding a public inquiry of the kind held at Windscale. In Paris top nuclear officials express delight

## COMMONS PUBLIC ACCOUNTS COMMITTEE REPORT

# Call for free access to records

PROPOSALS for increasing the accountability to Parliament of the National Enterprise Board and the British National Oil Corporation were contained in a report from the Commons Public Accounts Committee published yesterday.

The report says that the Comptroller and Auditor General, who carries out investigatory work for the committee, should have free and "unfettered" access to the records of the two organisations. Such access, says the committee, "is an essential step towards securing the measure of accountability which we believe to be necessary and justified."

The committee first made these proposals last year, and since then it has met strong opposition in Whitehall and from the NEB which contended that its ability to operate commercially would be undermined if the Comptroller General were given free access. There has been less opposition over its ENOC proposals.

We respect the sincerity of the NEB's view that access to its records would prejudice its relationship with some of the private firms with which it deals," says yesterday's report.

But we must comment that if, contrary to our expectations, it proved sometimes to be the case, it would be part of the price to be paid for adequate accountability.

Such problems are in our view inherent in the extension of the mixed economy by way of such instruments of public policy as the NEB.

## Independent

The report acknowledges that the NEB has answered the committee's questions about its operations orally and in writing but comments: "That does not get us, or Parliament, very far."

It continues: "Without free access by the Comptroller and Auditor General to the Board's records we have no independent source of advice on the way in which the Board has discharged its statutory functions on matters of interest or concern arising therefrom; nor therefore, are we in a position to report in any cogent fashion to Parliament."

It is for this reason, which goes to the heart of the effective accountability of public bodies such as the NEB, that we have laid stress on the need for full access by the Comptroller and Auditor General.

auditor by Parliament. "Parliament's control of the NEB's operations is limited to approval of the Board's statutory financial limit and of the estimates which the Board must submit to it of public dividend capital, and no Parliamentary approval is required for even major acquisitions by the Board," says yesterday's report.

Both the Department of Industry and the NEB had told the committee that they considered any closer or more detailed accountability to Parliament would "fundamentally change the relationship between the two organisations, and possibly the effectiveness with which the NEB carried out its appointed role."

During the past year the Comptroller General had found that the Department's files lacked supporting information on NEB acquisitions and plans and accordingly asked the Department to obtain from the NEB some forecast returns on investment and market research reports for a sample of cases.

The Department had replied that the Board's chairman considered the NEB's performance was to be "judged on an overall basis over a period of time against its statutory financial duties and that he did not consider it appropriate to quote individual records."

Both the Department and the NEB considered that to provide specific information would go further than the normal practice for a holding company. "The NEB itself took the view that it should operate precisely as would a private sector holding company, and maintained that it would not disclose information relating to its associated companies without their permission," says the report.

"The NEB was not clear why it should be called upon to justify its judgments on particular investments to an outside body."

The Department also pointed out that the Government had deliberately set up the NEB to operate under its supervision with a "maximum of freedom and entrepreneurial opportunity" to kind of support from ordinary industry Act assistance. It added that if the Comptroller General were granted access to the NEB, more staff would be needed by all the organisations involved and that the whole character of the Board would change.

The Board said that access by the Comptroller-General would "hinder progress in establishing relationships with private-sector companies, particularly if its confidential information were passed on. Its decision-making process would also be confused. The Treasury backed this general line of opposition and

told the committee that it was "basic to the concept of the NEB that the management should be judged by its results, and it was not axiomatic that Government bodies operating in the commercial sector that increased access by the Comptroller and Auditor-General meant better accountability to Parliament."

It added that it was "more conscious than last year of the risk that access would undermine the operations of the NEB early in its career."

Turning to the ENOC, the report says the committee noted last year that the Corporation's activities would be reflected in three accounts laid before Parliament. Two of them—the National Oil Account and the Secretary for Energy's account relating to issues out of the National Loans Fund—were already audited by the Comptroller General. But the third—the ENOC's own accounts—were audited by commercial accountants appointed by the Government.

So while the Comptroller General would be able to help the Committee examine the first two accounts, he would be able to give only "restricted assistance" on the ENOC's own accounts. This was because his access to ENOC's books and records was limited to matters relating to agency transactions and the Corporation's system for bringing to account and transmitting receipts to the National Oil Account.

"We considered that direct inspection by the Comptroller and Auditor General of ENOC's books and records might well be the most effective method of obtaining the information we required to perform our duties," says the committee.

## Information

It adds that during the past year the Comptroller General had found he has not had sufficient information about items of the ENOC's expenditure either to give an independent opinion on the use of money issued from the National Oil Account or to help the committee examine the ENOC's expenditure in detail.

The Department of Energy said that while it could make certain information such as operating agreements for oil fields available, it was concerned that the boundary should be defined between the work of the Comptroller General and the ENOC's commercial auditors. This has led the Committee to conclude that if the Comptroller General were to help with an examination of the ENOC's "stewardship" of its operations, the need for money issued to the Corporation's records and papers and that specific questions and answers, however full, are not adequate substitutes."

## Government action urged on BNOC

GOVERNMENT ACTION is needed to restore Parliament's control over the financing of the British National Oil Corporation, says the report.

The recommendation comes in addition to the general call for the Comptroller and Auditor-General to have "unfettered access" to BNOC's records and papers to allow Parliament direct examination of its accounts.

The committee is concerned at the implications of the agreement made by BNOC last year in which it arranged loans in the U.S. of up to \$25m based on the forward sale of oil.

A U.S. corporation, Britoil, was set up to receive the funds, and its transactions under the dollar-for-oil scheme are effectively controlled by BNOC.

The loan was announced with a flourish by the state oil corporation in June last year as evidence that it had now established itself as an oil company able to obtain finance from international capital markets without recourse to a Treasury guarantee.

Under the Forward Oil Purchase Agreement, Britoil undertook to make advance payments for oil to BNOC, and the oil corporation undertook to sell, as Britoil's sole agent, sufficient quantities of oil finance Britoil's liabilities for repayment of the bank's advances.

The Public Accounts Committee's concern has arisen because the loan—based on forward sales—is not subject to BNOC's statutory borrowing limit set by Parliament in 1975 at £200m. (It can be extended by order of the Energy Secretary to £300m.)

In evidence the Department of Energy told the Committee that it was normal commercial practice for oil companies to engage in forward sales. But it admitted that no account had been taken of this when the Bill setting up BNOC was prepared.

This did not mean, however, that the corporation could raise unlimited amounts of money through forward sales. All money raised had to be paid into the National Oil Account and withdrawals for BNOC could only be made with the Department's authority and agreement.

The Treasury considers that there should be strict limits on any further forward sales, says the committee—and the report recommends that "reaffirming action should be taken to restore Parliament's control over the financing of BNOC" while the Treasury should consider the general implications of the case. The report also recommends that the British Nuclear Fuels should pay dividends which reflect more closely its profitability and the Government's total investment.

## Public funds 'should aid Rolls-Royce'

THE REPORT said that further public funds should be given to Rolls-Royce to help it develop new engines but warned that any fresh allocation of aid for BL could be justified only by increased productivity.

This emerges in a section dealing with the financial duties of the National Enterprise Board and two of its main companies—BL, formerly British Leyland, and Rolls-Royce.

The report says that it accepts that there are likely to be "lean years ahead" for Rolls-Royce, but reiterates that "the company's objective should be to attain a level of profitability sufficient to reduce capital injections from public funds substantially."

The Committee was told by the NEB and the Department of Industry that Rolls-Royce could be "very profitable" if it pursued a short-term strategy ignoring future development.

But if the company was to retain its place in the "highly competitive industry of aircraft engine development," it had to

This qualifies the current NEB policy of not using the allocation of cash to BL to precise productivity targets.

The report notes that an interim financial target has been set of a 10 per cent return on capital by 1981 and that the NEB considers this to be a practical figure, though not one easy to achieve. It accepts this, but endorses the NEB's view that "this target should be regarded only as a step towards the long-term objective of achieving a fully satisfactory return on the capital employed."

Criticising the Department of Industry for not telling Parliament of the £275m loan made to BL last March until the day of issue, the report says: "In our view this underlines the need for Parliament to be given adequate time to consider any new proposals for the issue of public funds to BL."

The report also accepts the financial target of 15 to 20 per cent on capital employed which has been set to cover all the NEB's other activities. "We trust

Reports by John Elliott,  
Industrial Editor and  
Kevin Done, Energy Correspondent

spend substantial sums on development. This would limit its profitability in the next few years.

"We accept that it is right to adopt a long-term strategy for Rolls-Royce, and that further assistance for the company from public funds might therefore be needed in the short term," says the report.

The NEB has yet to adopt a financial duty for the performance of Rolls-Royce, but the report says that "the financial arrangements made for the short-term term should be such as would help Rolls-Royce to work towards achieving a level of profitability in the longer term."

On BL, the committee says: "We remain convinced that the continuing provision of public funds for BL can only be justified so long as improvements in productivity and production can be assured to reach internationally competitive levels in time."

The Department will closely monitor the NEB's progress towards achieving it since such progress has so far been disappointing," says the report.

In a separate section, the report recommends that the Treasury should consider the impact on public sector financial controls of comfort letters issued by statutory bodies as a way of indicating that they are aware of the financial obligations of subsidiaries and associates.

The Committee has been told that sums covered by comfort letters do not count against statutory financial limits. It suggests that "Parliament should be informed promptly of all such arrangements, as is now done for major guarantees."

Eighty-four reports from the Committee of Public Accounts, Session 1977-78: Atomic Energy, Transport, Department of Energy, British National Oil Corporation, Department of Industry, National Enterprise Board, SO, Price £4.50

## LABOUR NEWS

# Radiator plant strikers accept BL pay offer

BY OUR LABOUR STAFF

THE STRIKE at BL's Llanelli radiator plant, which virtually halted output, ended yesterday when 100 production workers accepted a new pay offer. Normal working is expected to resume immediately.

The eight-day unofficial strike over pay parity with craftsmen resulted in 2,300 jobs at the factory and was the longest production stoppage in the company's 100-year history. Some 100 workers at Llanelli would have been stopped today if the dispute had continued.

The peace formula was worked out in discussions involving Mr. George Wright, general secretary of the Wales TUC.

It includes acceptance in full of the results of BL Cars' job evaluation programme; the establishment of a common grade rate for all production workers at the South Wales plant; and an immediate one-off payment of £204 to some of the workers. The lump sum represents the

difference in pay between production workers and craftsmen over a 12-month period.

Production of Chrysler Alpines in Coventry was stopped yesterday and 1,600 laid off because of a strike by about 85 millwrights. The dispute followed a breakdown on Wednesday in the water system linking the plant shop at the company's Ryton building plants. All output at Llanelli would have been stopped today if the dispute had continued.

Two of the millwrights were suspended for a day when they refused a management request to work normally and the rest of the millwrights walked out.

A strike by 200 men over new working arrangements, and job allocations at Massey Ferguson's tractor factory in Coventry was called off yesterday when the strikers agreed to further discussions.

## Basnett warns against 'counter-unions'

THE GOVERNMENT'S White Paper on industrial democracy could lead to the formation of "counter-unions"—groups of employees not belonging to a recognised union, Mr. David Basnett, general secretary of the General and Municipal Workers' Union and chairman of the Trades Union Congress, said yesterday.

Mr. Basnett, writing in the journal of the London Chamber of Commerce and Industry, said that the ambiguous references in the White Paper to possible forms of accredited worker representation by "homogeneous groups of employees," who are not trade unionists, will cut across established forms of collective bargaining.

Mr. Basnett clashed with the official TUC view that the only way towards industrial democracy is through worker-repre-

sentation on the board. He said that the unions are involved far too late—when the key decisions have been made, and many of the options ruled out.

Mr. Basnett said three developments need to take place before such involvement can be achieved.

● All trade union machinery needs to deal with the employer at the decision-making level—and not just at national level.

● The law on disclosure of information needs to be much tighter and relate to financial performance, investment plans, manpower plans and other strategic decisions.

● Management, Government and the media should accept that any system of industrial democracy that is not based on trade union organisation will simply be divisive and cause chaos.

## Bilston workers get allies in fight to keep steelworks

BY PAULINE CLARK, LABOUR STAFF

THE FOUNDATIONS of a possible major attack by unions on the threatened closure of the Bilston steelworks in the West Midlands were laid yesterday as TUC steel union leaders met the local action committee to study workers' plans for saving the plant.

Mr. Bill Sims, chairman of the TUC steel industry committee and general secretary of the Iron and Steel Trades Confederation—the biggest union in the industry, has already indicated that his union would be ready to support the Bilston workers if BSC decides to press ahead with closure plans in spite of consultation.

At an ISTC reconvened conference in London earlier this week he said that Bilston represented the dividing line between the operation of outbacks under the Beswick Report's recommendations which had won the co-operation of the unions and closures beyond that programme. The Bilston workers' action plan, formulated by the joint union liaison committee at the works, argues that any decision on the future of the plant should take into account the total social cost of closure and be based as much on political grounds as on BSC's financial judgement.

The committee's plan, presented to the steel union leaders yesterday, referred again to a local working party's proposals for reworking the plant's electric furnace or bottom blow oxygen steelmaking equipment as a way of ensuring a continuing market share and profitable future for Bilston.

It emphasises that as a modernised, integrated and flexible small plant, Bilston would be a "great asset" to BSC in further development of specialised products.

The plan suggests that with less concentration on the world-wide problems of industrial overcapacity and more on the efficient and economic use of

capacity, Bilston's market share could be maintained "at a very healthy profit to the corporation."

It would give a 70 per cent return on capital investment even if only working at 70 per cent capacity, the committee claims. It estimates that the benefits of closure to BSC would be marginal and would have cut BSC's losses last year only by 0.5 per cent.

It reckons that the total social cost of closure, more than £5m with the addition of redundancy payments, retraining costs, social security benefits and unemployment pay.

## Advertisement complaint

By Our Labour Staff

MR. STAN DAVISON, assistant general secretary of the Association of Scientific, Technical and Managerial Staffs, has complained about the rejection of a union recruitment advertisement due for insertion in the Army magazine, Soldier.

He wrote complaining to Mr. Fred Mulley, Secretary of State for Defence.

Under conditions of acceptance clauses, the magazine's editor can reject any material without giving reasons.

The union, which is attempting to step up its recruitment campaign in the Forces, says it is consulting its solicitors about the decision and other adverts it intends placing in Forces magazines.

## Vote rejected

THE National Union of Mineworkers' Nottinghamshire area council yesterday decisively rejected a call for a vote of no confidence in the bonus incentive scheme which has been operating for six months.

## Offshore catering staff vote for union rights

OFFSHORE CATERING workers on the Occidental Fiper and Claymore platforms have voted for full trade union negotiating rights with their employer in a North Sea union ballot.

Although only half the ballots sent out by the Advisory Conciliation and Arbitration Service were returned, nearly 100 per cent of these favoured union representation and the Transport and General Workers' Union will be pushing for full recognition.

Announcing the result of the ballot among 62 catering employees of OSECO Services Mr. William Reid, Aberdeen TGWU secretary, said: "We are disappointed with the return of the ballot papers but even with that we still have a sufficient majority to gain full negotiating rights."

"We are going to argue on the basis of votes returned, rather than on those who did not vote. Thirty-one out of 32 ballot papers returned wanted union representation, and by any productivity payments,

standard that is 50 per cent of those balloted."

Mr. Reid said that shop stewards on the two platforms had moved from addresses which the company had supplied to ACAS for the ballot.

Mr. Mike Collins, OSECO Services managing director, said yesterday he would prefer not to comment on the ballot before meeting the union on September 14 when they would be "sitting down amicably to discuss the matter."

## Shutdown risk

RISTS' Wires and Cables factory in Newcastle-under-Lyme, Staffordshire, may shut today because more than 1,000 members of the Transport and General Workers' Union walked out yesterday in a dispute over productivity payments.



## FINANCIAL TIMES SURVEY

Friday August 25 1978

## World Railways

## Picking up speed again

By Ian Hargreaves  
Transport Correspondent

THE 1973 oil crisis cannot be credited with the creation of many industrial booms, but there is no doubt that the four-fold increase in oil prices has played its part in stimulating what is now customarily referred to as "the railway boom."

Perhaps the term is over-lavish. This year railways outside the Soviet Union and China (from where little information and fewer rail export contracts emerge) will spend between £8bn. and £10bn. on equipment, modernisation and new railway lines.

The sums are not large enough or the upward trend in spending sudden enough to stimulate genuine boom conditions, in the sense of new manufacturers bustling in to a volatile market. Indeed in most of the traditional railway equipment exporting countries—Japan, Britain, W. Germany, France, the U.S., Canada and Australia—there is overcapacity in at least some sectors of the industry.

Mr. John Lees, chairman of Britain's Railway Industry Association, reckons that the British industry, in spite of a recent healthy flow of export contracts and a fair if not exactly profuse amount of rail-

way activity at home, could increase its output by 20 per cent without strain. The boom is therefore perhaps principally one of morale. Most European and American railways have undergone their crises since the war as the heavy lorry has snatched their freight business and the private car carried away their passengers.

This circle is far from complete and big cutbacks are still planned in West Germany and Canada, while in the U.S. the planners have barely been assembled for a task which seems certain to involve large-scale rationalisation. But at least now there is a feeling that the lorry and the car have moved closer to their limits in terms of speed and environmental acceptance at a time when railways are getting faster.

Many railways in the developed world, in spite of the huge financial deficits which are still common among them, have once more started to see parts of their business grow. Passenger traffic has grown steadily on British Rail in the last two years and over a considerably longer period on French and Japanese railways, where investment levels and government commitment have been stronger.

## Wave

For its part, the railway industry is hoping that this improved business climate, occurring as Governments face a medium-term energy scenario involving growing shortages of oil, will push countries into a new wave of railway electrification, thus underpinning the industry's domestic order book for the rest of this century.

But it is to the developing world and to the growth of the urban railway that the industry looks for real prospects of growth. In the first place this is because European and Japanese railways, almost all of which are State or municipally-

owned, tend to buy equipment only from their own industries. In the developing world, where vast new railway networks are planned in countries like Venezuela, Iran, Iraq, Brazil and Mexico, there is relatively little home-manufactured equipment, although Brazil, along with India, South Africa and a number of Eastern bloc countries, is beginning to make its influence felt in parts of the rail export market. Even Korea, through its shipbuilding and motor car manufacturers, has started building rail wagons.

Straddling the two situations is the U.S., which some European railway industry people describe rather unkindly as "a developing country" so far as railway equipment is concerned. This is clearly nonsense in, say, the field of diesel locomotives, where General Motors can out-produce and under-price almost anyone in the world, but the U.S.'s recent experience in urban railway building has not done its industry's reputation the required evidence.

Despite the American experience in urban rail design the past decade has been one of steady advance in railway engineering. Passenger trains of over 125 mph are now common and as the railways tend increasingly to employ computer-based control systems, their impact on the

gates to the European manufacturers.

The French and the Italians have snatched plum metro car contracts and stimulated accusations that French bids are subsidised by their Government. This accusation is common throughout the world railway industry, but no one has yet produced the required evidence.

There is less enthusiasm than there was a decade ago for what the British Government calls "advanced ground transport." Some experiments in magnetic levitation, hover-power and linear-motor driven monorails continue, but the general feeling is that for long-distance railways existing concepts will

prove fast enough for foreseeable demands and that, using the most part existing infrastructure, they will be cheaper.

With metros, the American experience has increased the influence of those railway engineers who have always favoured maximum simplicity of design, although there continue to be more radical and bizarre concepts, most prolifically from Japan. For the moment, though, leaner times in many municipal budgets are working in favour of cheaper solutions.

This has brought to the fore the "light railway." This our ancestors would recognise as the electric tram, although it is more usual in today's congested streets to prefer reserved tramway tracks. Tyneside's "metro" is an example of this type of system but current experiments involving welding British Leyland bodies on to railway sub-frames suggest the maximum simplicity approach could have a future on longer distance railway routes, too.

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## Tools

Faced with a rapid potential growth in export markets, railway equipment manufacturers have had to acquaint themselves rapidly with the tools of modern exporters, which was not always necessary in their predominantly colonial overseas work in the past. They have formed standardising national and in some cases international associations to vet and bid for turnkey contracts and they have become more skilled at getting their governments to help them.

Although the vestiges of colonial influence are still an important part of railway exporting (the French dominate French-speaking Africa, Britain's industry exports between 15 and 25 per cent of its goods to South Africa), these are becoming less important than price and quality of manufacture and government-backed credit terms.

All the major railway equipment exporters have used overseas aid to buy in contracts and some, notably Canada and Germany, even go so far as to tie aid programmes to a specific type of railway equipment such as locomotives to fill spare capacity among their manufacturers.

Credit terms also vary widely, with 30 years credit, ten per cent grace and interest rates as low as 2 per cent not uncommon. This banding together of manufacturers has also helped the emergence of an identity for the railway industry. Britain is unusual in having a Railway Industry Association operating as a central representative of manufacturers of all types of railway equipment, but even in Britain streets to prefer reserved tramway tracks. Tyneside's "metro" is an example of this type of system but current experiments involving welding British Leyland bodies on to railway sub-frames suggest the maximum simplicity approach could have a future on longer distance railway routes, too.

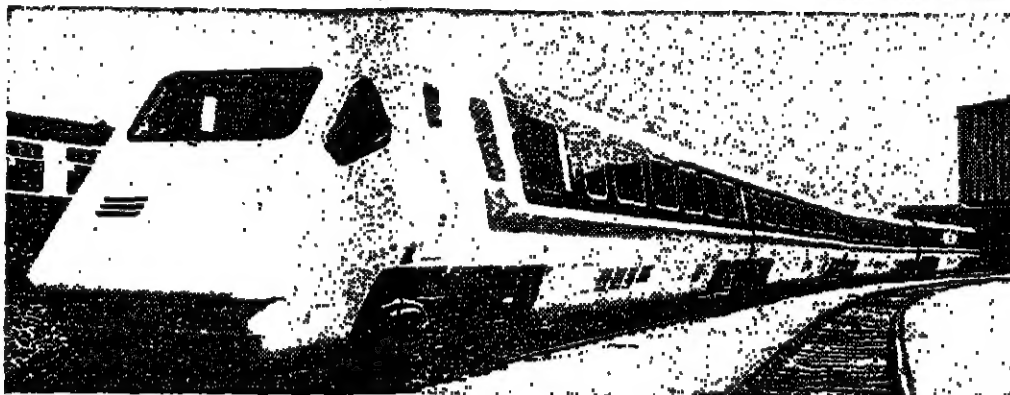
Part of the problem is the fact that the industry's biggest members are not known primarily for their railway activities. For internationally known companies like Siemens, AEG, Fiat, General Motors, Mitsubishi, Hitachi, GEC and Hawker Siddeley, railway equipment is a small activity and one which has traditionally been cursed with a feast and famine cycle.

There is great excitement within the industry now that the menu for the present feast indicates a more comfortable existence for the rest of the century, although still one involving tough competition.

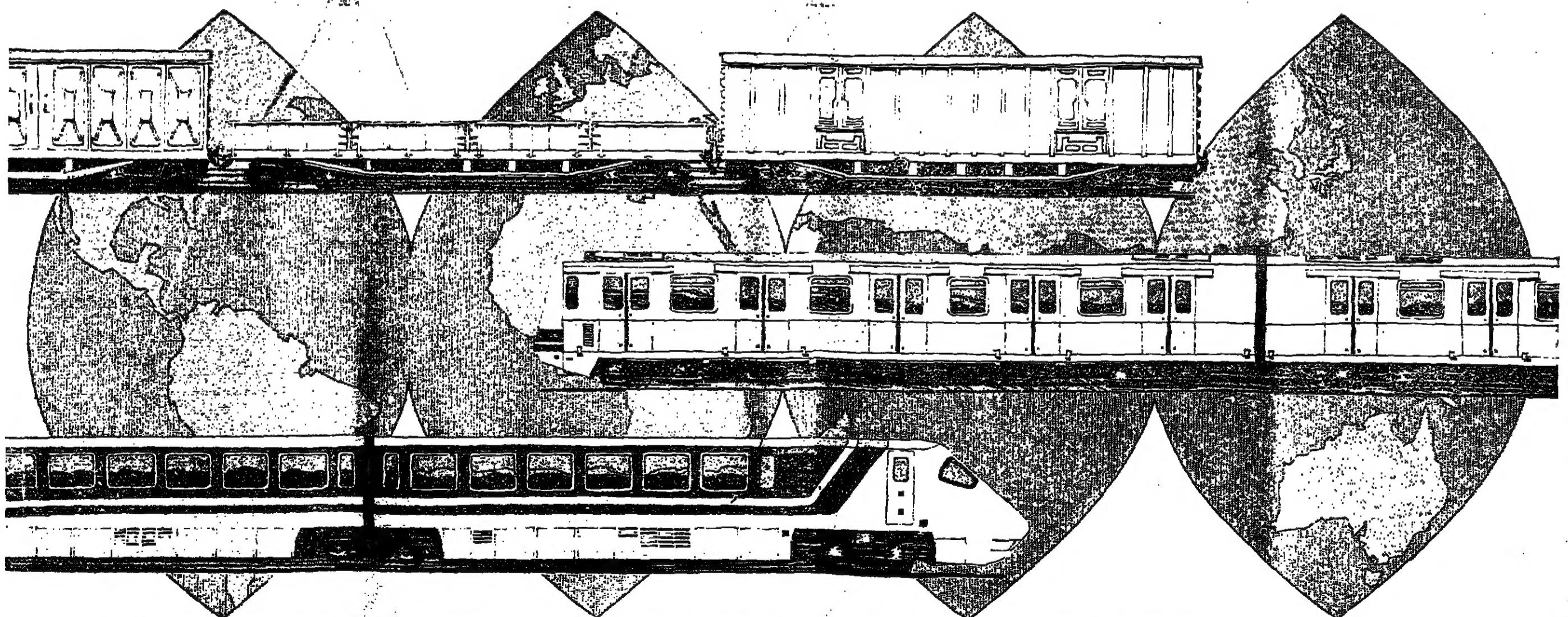
But at least the manufacturers and the railways now exporting (the French dominate French-speaking Africa, Britain's industry exports between 15 and 25 per cent of its goods to South Africa), these are becoming less important than price and quality of manufacture and government-backed credit terms.



Photo: French Railways



Two of Europe's new generation of passenger trains. Above: France's TGV turbotrain for service on the new Paris-Lyon high-speed link. Right: British Rail's 150 mph Advanced Passenger Train.



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# How the industry sells

THE RELATIONSHIP between the railway manufacturing industries of the developed world and the emerging railway networks in developing nations is one of the great unsung sagas of the industrial age. Projects around the world now total £8bn with a large proportion from emerging nations. The activities include multi-million pound projects stretching through decades, and they have provided manual and technical jobs in the emergent nations and millions of man-hours of design work in Britain and other advanced countries.

To meet the needs of these long-term and often complex projects, the industrial countries have evolved comprehensive project management teams whose job is to seek out, define, tender for and win major contracts on behalf of component and system manufacturing companies.

Some component companies still prefer to sell their products on a one-off basis, providing a steady if unspectacular source of work and revenue. Other manufacturers prefer to enjoy the glory and the greater rewards of a share in major world projects, which only the railway industry project management companies ever have a hope of winning in total.

Many of the international project management teams have their base in national rail companies. In Canada, the Canadian Pacific Consulting Services group has worked on projects for the Turkish State Railways, Mozambique Railways, Western Australian Government Railways and others, basing its experience on work done for its Canadian Pacific parent rail company.

In the German Federal Republic, one of the larger consultancies, Deconsult of Frankfurt, has carried out successfully a range of international projects in Algeria, Brazil, Iran and Venezuela, drawing on experience of its rail operator and banker parent. The group was formed in 1966 by the Federal German Railways and the Deutsche Bank AG, which are still the only shareholders.

Deconsult provides the all-embracing transport consultancy common to the other bodies linked with national railways, but it also offers detailed technical design work in civil

mechanical and electrical and signalling engineering. In systems, it provides a suitable opening for German rail industry manufacturers.

In Britain many railway transport consultancies are based, again, on national public rail utilities. London Transport International Services is the offshoot of London's Underground operators and it specialises in urban rapid transit systems. British Rail operates the Transmark consultancy service.

But it is in the project management organisations outside the national rail networks that the manufacturing heart of the rail industry is to be found. In Britain, the biggest such organisation, with ties with manufacturing industry, is GEC Transportation Projects, based at Borehamwood, Hertfordshire. The company came into existence in 1972 after extensive rationalisation among the major companies of Britain's locomotive builders and electrical suppliers which had formerly served the world's rail networks on a piecemeal basis.

The company identifies five major components in main line and suburban electrification, each demanding different disciplines, but all linked in the completed system.

It specialises in electrification schemes, a main growth area in world railway markets. Power equipment is called for to connect, convert, control and apply mains electricity. Once the supply is at a suitable voltage and frequency, overhead or rail systems have to be provided to distribute the power to the traction units, via remote control equipment. Wholly-owned GEC companies provide the manufacturing capability for much of the equipment for world projects.

Similarly, the DC or AC electric or diesel electric locomotives, multiple unit trains and railcars may be designed and manufactured by companies within the group. Equipment for power control and track signalling is essential for all current rail networks. This can involve automatic control of the trains, automatic warning systems, trackside colour light signalling, train identification equipment and track circuits.

Linked with the signalling requirements of many recent

electrification schemes are advanced telecommunications systems. These can include telephony, telegraphy, data terminals, mobile radio and closed circuit television.

Accessory systems which may be fitted as optional extras on the rail networks of a developing country include public address systems, elegant or simply functional lighting, cabs for other services and freight handling systems.

The sector of the world railway industries manufacturing equipment, to Saxby, which has computer control and related equipment, is one of the fastest growing, particularly for applications in remote areas.

### Specialising

France has at least eight companies specialising in the manufacture of this equipment, ranging from CSEE, which manufactures electronic remote control equipment, cab signalling modules, automatic train stops and marshalling yard equipment, to Saxby, which has expertise in centralised traffic control and other automated systems.

The industry in West Germany has in its ranks some of the largest names in the industry, with Siemens and AEG Telefunken providing equipment for rail networks across the world.

The U.S. home market is well supplied with over 20 manufacturers of signal and control equipment, including Bendix and General Electric. In Sweden the market is dominated by Ericsson. Japan has Nippon Signal and Fujitsu among others.

In Britain, 10 companies compete for world markets, with Plessey ML Engineering and design and supply equipment Westinghouse among the main

competitors with GEC subsidiary companies.

For metro, urban and mass transit systems, there are additional requirements, with automatic revenue collection taking pride of place among the new technologies. London Transport is planning a £55m scheme to embrace the entire London Underground with automatic fare collection. Fraud now costs the London Transport £8m yearly and it is hoped that the new system will eliminate all possibility of fraud. The scheme would do away with all manned ticket barriers and is likely to involve a supervisory computer to monitor equipment, warn of faults and collect travel data.

France is one country with experience of automatic fare collection systems. The CGA company of Paris manufactures stand-alone gates with microprocessor control. The systems are in use in Montreal, Paris, Madrid, Sao Paulo and Santiago.

There is likely to be a growing call for automatic fare collection systems, particularly in mass transit systems, where rapid, automatic ticket processing is almost essential if the benefits of advanced transport are not to be lost through delays at terminal buildings.

Many member companies within the Railway Industry Association of Britain have achieved success exporting their technology, often in the absence of a suitable home market. The industry in Britain had a turnover of £254m last year, with almost half exported.

Much railway industry equipment has been purpose-designed and built to specifications from overseas customers. Successes include the British contract to design and supply equipment for the 406 km of trunk line

in Taiwan, now almost completed at a cost of £180m. In Brazil, a modernisation and electrification programme is going ahead under a £150m programme and in Hong Kong there is the £100m mass transit system, designed and built with purpose-built British systems.

One of the greatest successes from the 60 factories and 15,000 workers employed at the grass roots in Britain's railway industry has involved a product few passengers ever notice, which costs around 75p each and which contributes to the day-to-day success of railways around the developed and underdeveloped world.

The product is the Pandrol rail clip, manufactured by the Elastic Rail Spike Company. The company acquired the sole manufacturing rights from a Norwegian State rail engineer in 1959 for the clip. Since then 234m have been made in Britain or under licence around the world for use in 53 countries.

There are six variations on the Pandrol clip design and over 300 different assemblies can be supplied by the company, which won the Queen's Award for Exports in 1974.

A recent contract with Brazil is likely to top £7.5m making it the company's biggest single export contract. The great impact of the clip in world markets has been where there has been a change from wooden sleepers to concrete. British Rail has standardised on the Pandrol clip for all its fastenings, and in overseas markets modernisation schemes involving the outsize of wood has given the company a useful opening illustrating how success can be achieved with a simple, readily reproducible product.

Lynton McLain

## Europe and North America

THE IMAGE of railways in Europe and North America is not good. Mauled by competition from the motor car and the lorry in the past 20 years, the impression created has been one of over-sized networks, erratic performance, and huge deficits.

Even Japanese National Railways (JNR), where public appeal has been boosted by 14 years' service from the world's fastest regular rail passenger service, the Shinkansen "bullet train," has seen traffic turn downwards in the past three years. Battered by poor labour relations, JNR is seeking to close down 50 per cent of its freight marshalling yards.

Some railways are of course worse than others. No railway in Europe suffers from the appalling track maintenance problems of the U.S., for example, where 55 per cent of last year's astonishing total of 7,356 derailments were caused by defective track.

Indeed no European railway has anything to match the problems of the U.S., where the establishment of a pair of state-owned rail corporations in the centre of what is still a private industry has done little to stem the decline of the great American railroad. On U.S. railroads, passenger miles declined 80 per cent between 1947 and 1973 and the network now accounts for a mere 1 per cent of all passenger intercity travel. The system is still heavily used by freight, but the railroads' share has come down from about two-thirds in 1947 to 29 per cent (measured in tonnes), compared with the 38

per cent carried by road transport.

In the EEC countries a three-fold increase in private cars in the decade 1963-74, a five-fold increase in motorway mileage and a 30 per cent increase in the number of road goods vehicles have dealt blows to the railways' markets, pushing them from one financial crisis to another.

British Rail now moves less than 20 per cent of the freight ton-miles of goods moved in Britain, compared with the 6 per cent of Dutch railways, 40 per cent in France and 28 per cent in West Germany. These levels have slipped, both in absolute terms and relative to road competition, since the 1973 oil crisis.

Because railways are relatively inflexible in terms of infrastructure costs and heavily labour-intensive (staff costs account for between 64 and 88 per cent of total operating costs in EEC railways), their financial position has inevitably deteriorated under these strains.

According to the European Commission's first biennial report on railways published recently, between 1973 and 1975 self-generated revenue for the nine networks increased by 4 per cent as total expenditure rose by 35 per cent. In 1975—the last year for which full comparative figures are available—the railways generated between 38 and 80 per cent of their total revenue themselves. Deutsche Bundesbahn, the West German railway system, is running an annual deficit of DM12.12bn on top of accumulated debts of

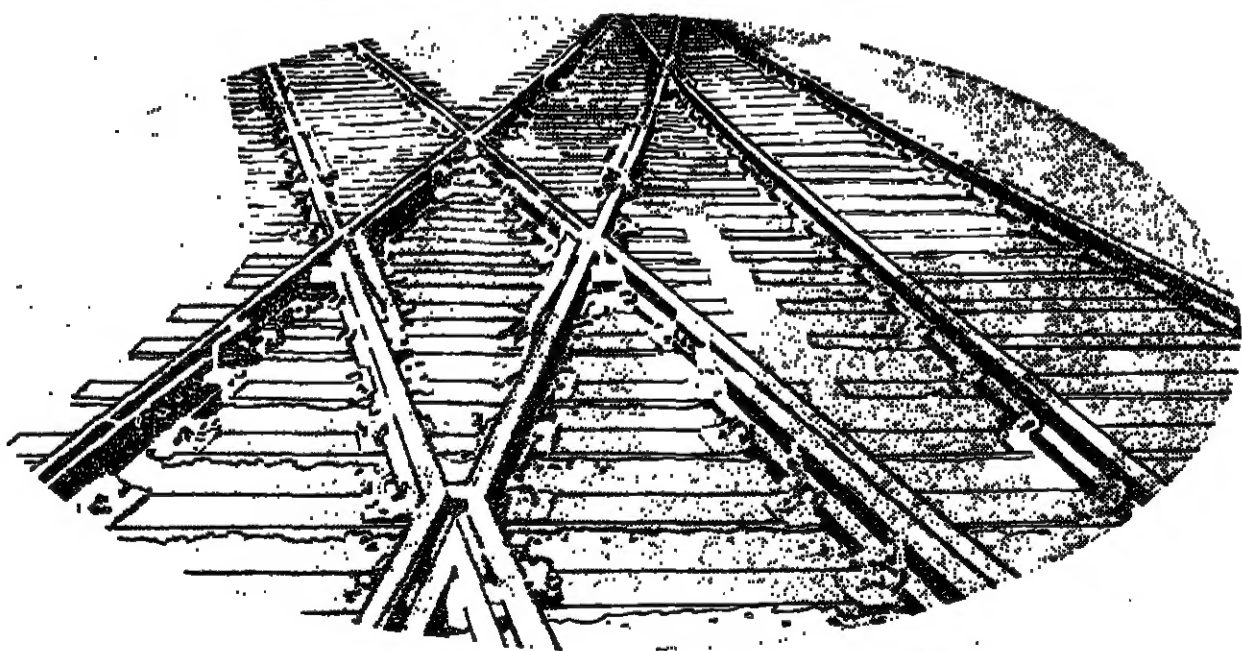
DM30bn but is still facing considerable political resistance in pushing through a programme of 9,000 km of new track cuts. According to a German taxpayers' federation report, the luxury of railways is costing the country 6 per cent of its federal budget, or DM40n per taxpayer. Faced with these pressures, it is perhaps surprising to note growing optimism among many railway administrators. They feel, probably rightly, that they have survived the worst of the competition and that with the growth of environmental considerations in transport matters and their own readiness to access to electric traction, the next 20 years should see them make up some of the ground lost in the past two decades.

The more obvious signs of this confidence are the ways in which railway engineers are designing for the future. Most of the railways in Europe and America have now comfortably beaten the 125 mph barrier. With radical improvements in braking and suspension technology and lifting bodyshells to permit faster cornering, they are gradually pushing up service speeds to the point where rail is again a real competitor with air on journeys over 200 miles.

There are problems in taking speeds higher than this and a number of railways, including those in Britain, Canada and West Germany, possess speed capabilities in terms of locomotive power which they are unable to use in regular service because of other factors in the network, such as signalling capability or the speed of other

CONTINUED ON PAGE VI

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## Africa

**MOROCCO.** In February the Government announced plans for a \$1.2bn (£500m) expansion and improvement plan to be completed by 1982.

About \$800m is to be spent on a new phosphate link between Marrakech and El-Aaiun. Feasibility studies by an international consortium have begun and are due for completion by 1980.

The Soviet Union is building a new line from Mekka to Essauria to carry phosphates from a Soviet developed mine. Other major schemes include the electrification of the 120-km Benquerir to Safi line by 1978 and the 861-km Casablanca to Rabat main line by 1980.

**LIBYA.** Eastern Bloc nations are doing studies for several projects in Libya. The biggest are a 500-km link between Tripoli and Sfax in Tunisia and a 880-km line from Sobhah to Misralah.

## Europe

**MANY EUROPEAN** cities are extending their metros, but few offer prospects for exporters. An exception is:

**GREECE.** The Athens metro is at present the subject of a preliminary study by the French consultants Sofrebu. The study for the 27km two-line metro is

due to be completed in 1979 and work on the project is expected to begin in 1981.

The cost of the whole project, including the extension of an existing electric rail line, is estimated at \$850m (£430m) and the Government hopes to see at least part of the metro in operation by 1985.

## The Far East

**HONG KONG.** Work will begin in October on the HK\$4.1bn (£445m) Tsui Wan extension to the Hong Kong Mass Transit Railway. The 10.5 km extension is due for completion in late 1982, about two-and-a-half years after the 15.6 km Modified Initial System begins full operation.

Gammon, the Hong Kong company won the first contract for site clearance work in April and tenders for the first two major civil engineering contracts on the extension are expected to be awarded in October. In February 117 applicants from 18 countries were prequalified as prospective tenderers.

The Tsui Wan extension will start services with six-car trains and 150 cars will be needed in addition to the 210 cars already being delivered for the MTS by Metro-Cammell of Britain.

Hong Kong is also expected to announce shortly authorisation for the electrification and up-

grading of the 35 km suburban Kowloon-Canton Railway. Work has already begun on the new 2.4 km double track tunnel between Kowloon Tong and Sha Tin.

**SINGAPORE.** Study group recommendations for a 44.5 km metro at Singapore are now with the Government. The metro would require 800 coaches.

**TAIWAN.** UK companies are at present working on a \$50m rail electrification project which is due for completion next year.

The project is managed by GEC Transportation. Projects with GEC Switchgear providing the power and control systems, GEC-Elliott Process Automation providing monitoring and control systems and GEC-Trainline which is supplying the fleet of 20 electric locos and 18 five-car electrical multiple units built by the British Rail engineering subsidiary, BREL.

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## Major schemes

## Latin America

**VENEZUELA.** A \$800m (£400m) contract for the 640km Theodada to San Juan de Los Morros rail link has been awarded to a Canadian and Spanish consortium. But difficulties in the consortium finding a Venezuelan partner have led to speculation that the contract is in jeopardy.

French companies are winning the major contracts for the Caracas metro, whose first line should be complete in 1980.

Other recently announced schemes include plans for a metropolitan railway in Ciudad Guayana to connect with the first section of the Theodada to San Juan de Los Morros main line, and a 65km suburban rail link between Caracas and Manguelita. The Government plans to expand the rail route length from 175km last year to more than 2,000km by the end of 1979 and 2,700km by 1980.

**BRAZIL.** The Belo-Horizonte light rapid transit project is probably the most important in Brazil. The \$300m (£150m) conversion of an existing 36 km rail line to LRT is likely to be won by the French.

In Rio de Janeiro the first 14 km LRT line is due to open in 1980 with the second line opening in 1983. The total system length is 68 km and 68 vehicles have been ordered for the first phase.

Brazil is also looking at light rapid transit systems as a solution to transport problems in a number of other major cities including Porto Alegre, Salvador and Curitiba.

**MEXICO.** The Mexico City suburban rail project is the biggest project on the immediate horizon. Tenders are not yet out for the first 81.7 km section of the project which is worth \$450m. The full length of the six line system is expected to be 200 km built in three stages at an estimated cost of up to \$2bn. Fifteen international groups have prepared outline presentations including a UK consortium led by GEC and companies from Japan, Canada, Italy, Spain and West Germany.

Other major projects in

Mexico include extensions to plan, plans for a 54.7 km extension, preliminary plans for a 6.5 km extension, and a 38.2 km new line.

**PUERTO RICO.** San Juan. A start on the planned 50 km rapid transit system is expected in 1980 for completion in 1991 at an estimated cost of \$931m (£460m).

**COLOMBIA.** The seventh rail plan launched this year includes a \$70m improvement plan.

In Bogota surveys are being conducted for a 16 km rapid transit line and there are plans to convert an existing 50 km of track for a transit system. Other projects include a 25 km light rapid transit system or main line in Medellin and a 12 km main line for Correo Coal. Contracts worth \$30m are being finalised with a French consortium for three-car train sets and installation of the 23 km rapid transit system in the Aburrá Valley.

**ARGENTINA.** Track renewal plans for 4,109 km announced in 1974 but subsequently delayed because of financial problems. Project scheduled to be completed by 1978/79 at a cost of Arg\$ 2,880m (£1.6bn). Buenos Aires has a metro rehabilitation

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## The United States

**UNITED STATES.** Among cities planning urban railway developments are:

**Atlanta-Atlanta.**—11.4km section of rapid transit system due to start limited operation at end of this year. Further extensions planned with estimated current construction costs of \$1bn (£500m) and total costs for full system of \$2.1bn (£1bn). One hundred cars ordered from Franco-Belge of France.

**Baltimore.**—Scheduled opening of 12.2 km rapid transit system in 1982 at a cost of \$721m (£360m). Plans to call bids for 70 cars next April.

**Boston.**—Improvement plan for ten-line network includes \$10.8m (£5m) order for 25 new coaches from Pullman Standard. Total cost of improvements \$200m (£100m).

**Chicago.**—A \$135.7m (£65m) extension of the Chicago transit network to O'Hare International airport is at the engineering and design stage.

**Cleveland.**—Plan for a 2.88km extension to the 20.96km transitway will cost \$27.2m (£13m) and is due for completion in 1981-82.

**Detroit.**—City is expected to choose a rapid transit system from five alternatives, including "low capital" bus scheme under review. Estimated costs for rail alternatives range from \$400m to \$830m and lengths from 12.4km to 23.3km.

**Honolulu.**—Start expected to be one is reconstruction of 18.9km made on initial 22.4km rapid tramway route.

**Los Angeles.**—Decision expected this year on whether to proceed with plans for a 12.8km to 25.6km rapid transit system costing between \$650m (£325m) and \$1bn (£500m) depending on length. System could be complete by 1988-87.

**Miami.**—Finance agreed through referendum earlier this year for a 33km \$795m (£390m) rapid transit plan scheduled to open late 1982. Plans to call bids for 150 cars next April.

**New York.**—Extensions totalling 24.6km planned up until 1993. Present construction of 1.8km extension with planned future expenditure of over \$2bn (£1bn). Also plans for modernising Trans-Hudson system.

**Philadelphia.**—Fourteenth station being added to Lindenwood Line at a cost of \$4.9m (£2.4m). Two extensions totalling 23.3km and costing \$750m (£375m) planned in addition to \$34.6m (£17m) contract with Canadian Vickers for 46 cars for delivery by mid-1979.

**Pittsburgh.**—Construction likely to start next year on 38.2km light transit system with target completion date in 1983. Stage one is reconstruction of 18.9km made on initial 22.4km rapid tramway route.

**San Francisco.**—Plans to start next year on 38.2km light transit system with target completion date in 1983. Stage one is reconstruction of 18.9km made on initial 22.4km rapid tramway route.

**Seattle.**—Plans to start next year on 38.2km light transit system with target completion date in 1983. Stage one is reconstruction of 18.9km made on initial 22.4km rapid tramway route.

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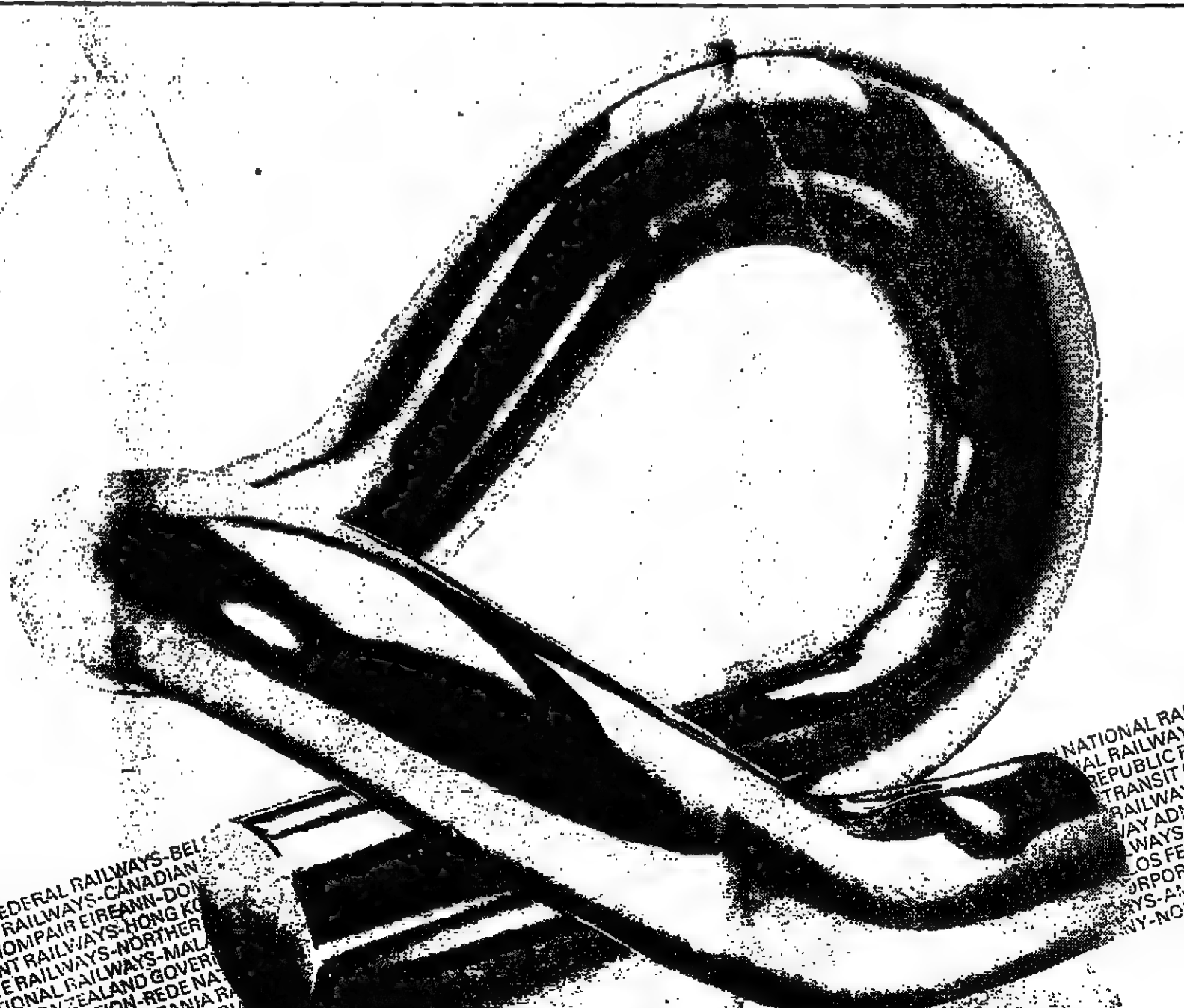
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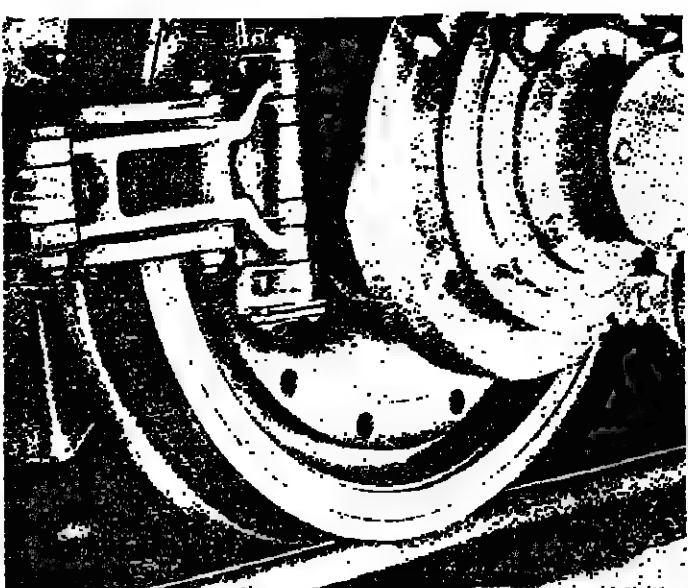
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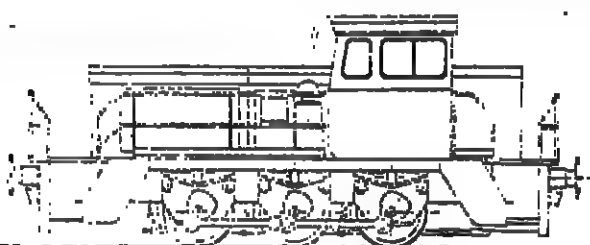
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RAIL FREIGHT businesses have had a long hard haul in the past 20 years. In spite of bigger rail wagons, more automation and higher speeds, most railways have been unable to compete effectively, even over the longer distances where they excel, with the flexibility, personal service and lower cost of the lorry.

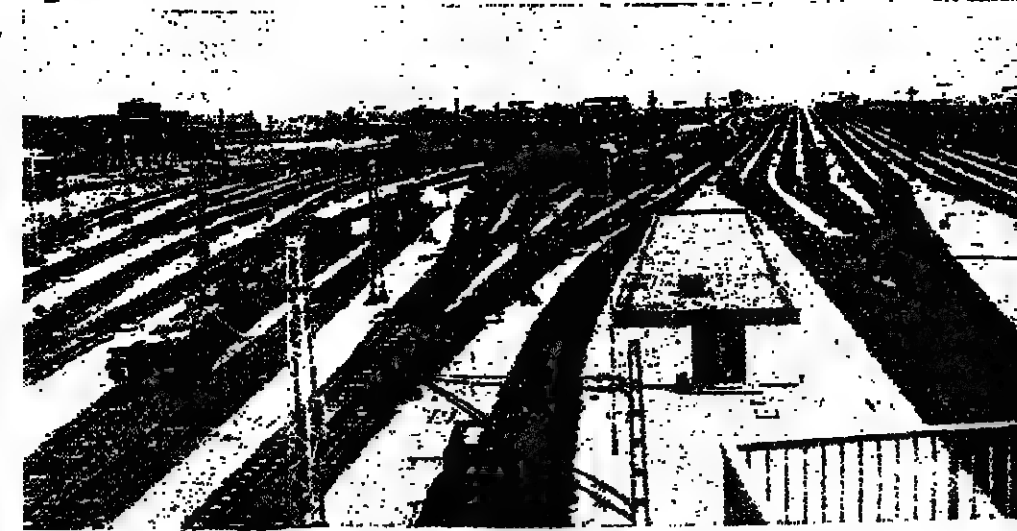
In seeking to reply to this competition, railways are saddled with many disadvantages. They have high fixed costs, can only operate from siding to siding (unless they use lorries for transshipment, as in Freightliner-type container services) and they face enormous problems in the incompatibilities of tariff systems, operational methods, language and even loading gauges.

On the first of these problems there is a limit to what the railways themselves can do, short of persuading governments to stack the odds in their favour in terms of taxation or investment. According to British Rail, a 22-tonne capacity lorry is cheaper than a comparable rail vehicle on journeys up to well over 400 miles.

In the longer term rising oil prices are likely to work in favour of railways, with their lower energy costs, and perhaps too the railways will achieve the improvements in productivity which existing control technology has already brought within their reach. With staff costs accounting for well over 60 per cent of European railways' operating expenses, change cannot be achieved without better manning practices.

When it comes to operational matters railways have developed the technology, but in many cases have fallen down on marketing. Once again the flexibility of the lorry in meeting a customer's specific requirements is hard to compete with.

For the most part railways have retreated into the job they do best, moving large flows of bulk materials such as coal, grain, aggregates and petroleum over long distances and often between fixed points in single block trains. About 80 per cent



Maschen, near Hamburg, where the world's biggest freight marshalling yard is under construction for the German Federal Railways.

of Britain's railfreight now moves in this form and heavy, long-distance freight hauls of grain in North America retain an essential place in their countries' economies. Conveyor belt type technology with automatic loading and discharge is well established and successful.

### Pipeline

Even here, however, railways face growing competition from the pipeline. In France pipeline traffic increased in the 12 years to 1975 more than sevenfold to 31bn tonnes-kms, almost half the volume of rail freight, and there was similar dramatic expansion elsewhere. In the U.S. the railways are fighting legislation to ease land acquisition for pipeline construction because of fears that further inroads will be made into their coal traffic, which generates 20 per cent of their business. The liquefaction of bulk substances could pose a serious threat to many rail operations in the longer term.

But for the moment the big area of challenge for railways is in the movement of components and finished goods for industry and in capturing a bigger share of bulk and semi-bulk traffic in the food and chemical industries. One way railways can cope

with the diverse flow of smaller quantities of industrial goods is containerisation, and steady progress has been made since British Rail introduced this concept to railways in the early 1960s. Intercontainer, the European consortium which handles international container movements, achieved record results last year, although the 577,641 20 foot equivalent units is still a minute fraction of total rail movements.

Meanwhile, in Japan, freightliner trains are to be reduced by 12 per cent after a tail-down in traffic, possibly caused by Japan National Railway's failure to adopt international standards of container size, which have prevented the capture of direct deep sea container flows in the way that the British Freightliners company has. Failure to standardise is at the root of many of international rail freight's most difficult problems.

There is no doubt though that where railways can offer reliable, direct trunking for containers at a competitive price, shippers are prepared to use rail. The Trans-Siberian container landbridge, offering what its opponents argue to be subsidised rates, now carries about 20 per cent of the goods moved between Japan and Europe.

The biggest problem for inter-

national rail freight will turn on the success of its present efforts to justify a rail-only Channel Tunnel. Until then it is limited to rail ferries and roll-on roll-off wagons, which in spite of improved timetabling still take three days to get from London to Milan and will probably be marshalled three times on the way.

Another feature of mainland European and North American rail freight from which British Rail is excluded (because of its lighter loading gauge) is the piggy-back, lorry-on-board-train system, which hauliers have increasingly accepted, mainly because of restrictions on entry permits for heavy lorries to virtually all European countries. The European Commission has suggested exempting this part of rail freight from the general requirement that all freight must cover its costs and has even considered setting up an international company to buy wagons and hire them out to operating companies. Piggy-back loadings were up 12.4 per cent in the U.S. last year and represent about 7 per cent of all freight car loadings.

The principle of mixing private and public enterprise in railways is one which works well in most countries, although it has been relatively neglected in Britain because British Rail's own subsidiary, British Rail Engineering, dominates the wagon and locomotive manufacturing industry. Even so, over

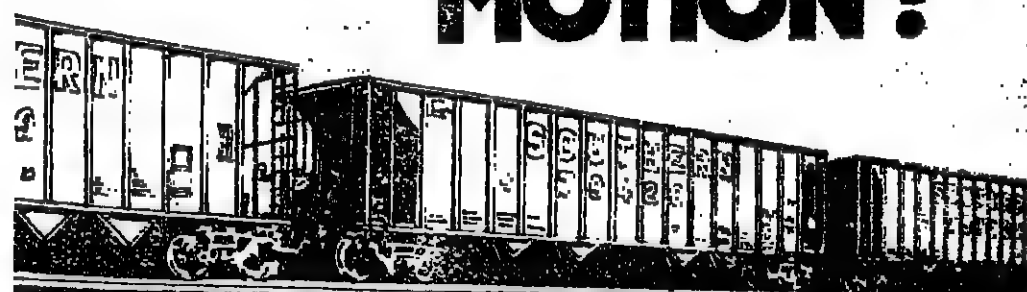
30 per cent of Britain's rail freight travels in privately owned wagons and there has been recent growth in the rail car lorry industry, with the advent of U.K. subsidiaries such as Procor UK and Tiger Lease (UK) from the U.S. and the establishment of a leasing operation within the long-established U.K. wagon builder, Standard Railway Wagon. These companies and others in private railway industry are having to fight hard, however, for a share in the exports Britain's overseas aid programme is winning and even harder for the principle that British Rail should put all its own equipment contracts out to open tender.

The main pressures on freight wagon builders are to design for the higher speeds which the modern passenger railway is increasingly demanding, and which is gradually improving the quality of service offered to the rail freight customer. Wagon capacities have increased at the same time, lowering unit costs, and real-time computer systems have given railways detailed and rapid control of every wagon in their systems.

Railways in the developing world are able to take advantage of these improvements and although there has been a reduction in some plans for new ore railways, a resurgence in raw materials markets should re-establish the validity of many projects.

Ian Hargreaves

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## Urban networks expanding

THE RECENT history of most long-distance railways has been one of declining traffic and dogged pursuit of modifications to existing technology rather than dramatic new systems, but the same cannot be said of urban railways.

The city centre commuter rail networks, many of them underground, have been forced to expand, re-design and re-invest to meet the demands of the world's rapidly growing urban population whose cities are unable to cope with the number of motor cars which that population possesses.

It is in this area of the rapid transit railway where elevated track, hoverpower, driverless trains and many other bright ideas have been and indeed, still are being, most assiduously pursued.

Because design criteria are necessarily more taxing for railways in densely populated

areas, because systems are shorter and because the city metro is also a proper subject for the powerful influence of civic pride, there has been scope for a wide variety of concepts aimed at fulfilling the urban railway engineer's dream of minimal maintenance, creating a system which offers as near as possible perpetual motion.

Between 150 and 180 cities are now reported to be either considering, actively planning, building or extending such metros, although the number of new starts is unlikely in practice to amount to more than a trickle for the rest of this century.

Inevitably, a market which attracts rival technologies in a fiercely competitive international market has generated controversy. This has focused principally on the U.S., where

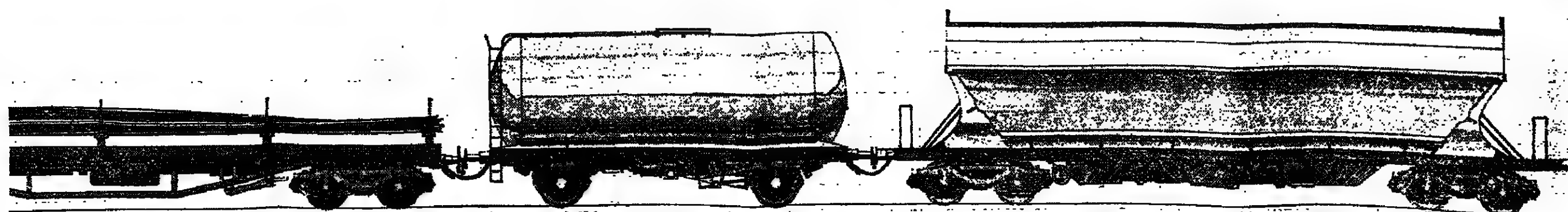
a policy of large federal subsidies for rapid transit has, since 1964, allowed the pace of the industry to quicken.

The problems which emerged are well known. U.S. aerospace companies like Boeing and Rohr suffering from declining aircraft work with the end of the Vietnam war, spotted the prospects of railway growth and decided to diversify into mass transit rail car manufacture. The result was overcapacity, cut-throat tendering and three car manufacturers went out of business.

To make matters worse, the U.S.'s first new urban railway this century, the Bay Area Rapid Transit System in San Francisco, built to aerospace designers principles, proved too unreliable and unpopular. The traditional manufacturers, like Pullman Standard in America, and others in Europe rubbed their hands and said it proved

CONTINUED ON NEXT PAGE

# Speedlink



Speedlink



## WORLD RAILWAYS V

## Electrification plans

FOR RAILWAYS in many parts of the world, electrification is a subject of the moment. For a railway industry it is the key to growth and prosperity for the rest of this century.

For railways in the developing world, the choice of electric power is a matter of rational efficiency and, where the trends are strong enough, cause it is cheaper.

In addition, where new railway lines are being constructed, the extra initial capital outlay for an electric power system is not too significant.

Some of these factors also apply to those railways in Europe and North America not intensively electrified. For railway administrators in these countries, there is a more important attraction. This is the obvious implication that a political decision in favour of large-scale electrification is also a vote of confidence in a growing role for rail into the next century.

At present the situation varies widely. Railways most avidly committed to electric traction are those in mountainous European countries with access to relatively cheap hydroelectric power and those stems so badly damaged in the 38-45 world war that they have recently been reconstructed. Ninety-nine per cent of Swiss railways are electric, 62 per cent of Swedish, 48 per cent of Italian, 40 per cent of Japanese, 1 per cent of West German, 27 per cent of French and 20 per cent of British.

Countries which possessed plentiful supplies of coal for power, and then of cheap imported oil for diesel propulsion, have been left with hybrid systems and the need to face investment decisions based on energy forecasts for the rest of this century. These include France, West Germany, Britain, both Canada and the U.S., though there are numerous other complications based on greater distances involved in these last two.

Governments have so far expended in different ways. France and West Germany,

where Government commitment to rail has not been lost in quite the way it has been at various periods in post-war Britain, there has been a steady piece-by-piece approach, with the result that even some secondary lines are now contenders for electrification investment.

In Canada there have been studies, but even the railway administrators believe that the vast distances between workshop and repair points, the transcontinental routes and the need to tread softly at a time of railway financial losses all rule out any early change in policy. Mr. Peter Detmold, chairman of the Canadian Railway Advisory Committee and a special consultant to Canadian Pacific, recently advocated the development of an experimental Canadian diesel-electric locomotive using AC rather than DC transmission as "a major step in the direction of producing electric locomotives" should Canada ever go for electric traction. Clearly big changes are a long way off.

In the U.S., railway electrification is a subject causing utter confusion, which is hardly surprising in view of the parallel confusion in that country's energy policy following the failure earlier this year of President Carter's energy policy initiative and a similar state of uncertainty about railroading in general.

**Pioneer**

The U.S. was in fact a pioneer of electric railways, but cheap oil and a railway equipment industry heavily committed to diesel traction have put the U.S. close to the bottom of any current league table of electrification.

There have been signs recently of a change in attitude following a number of consultancy reports arguing that with federal help for the initial capital costs and permission to increase freight rates, many railroad companies would be able economically to

justify major electrification schemes.

So far, the main concrete result has been a decision for Amtrak, the federal rail passenger authority, to electrify a line between New Haven and Boston and for Conrail, formed out of six bankrupt railroads in 1973, to examine a big electrification plan between Harrison and Pittsburgh, Pennsylvania, with the prospect of a possible \$200m federal grant to help out. On a smaller scale, the U.S. Department of Transportation announced earlier this month that it will electrify 15.8 miles of test track in Colorado to try out various equipment systems. This project relates directly to the upgrading of the Boston-Washington North-East corridor, one of the few long distance electric lines in the U.S.

Inevitably, though, the enthusiasm of the would-be electrifiers runs up against the problem of cash. With Amtrak alone losing \$483m last year and hefty deficits on virtually every railway system in the developed world, the financial case against electrification is simple enough.

It is frequently claimed by railwaymen, however, that in straightforward investment return terms, electrification can make sense. A figure of 20 per cent is often quoted and this is the level of return, for example, expected from the 405-km electrification project due for completion next year in Taiwan.

This very acceptable pay-back is made possible by the greater speeds, heavier loads and lower maintenance levels possible with an electric system. Taiwan says it will be able to increase passenger trains from 15 coaches (520 tonnes) to 15 coaches (535 tonnes) and freight train weights by 33 per cent. Speeds will increase from a maximum 95 kmh to 110 kmh, giving big cuts in journey times, better stock utilisation—and, it is hoped, more business.

This type of justification is satisfactory for a railway like Taiwan, one of the busiest in the world and a railway where most passengers have little alternative to rail travel, but

justification is harder on European railways where passenger business is improving only very slightly and where freight traffic continues to fall.

British Rail exemplifies this conundrum and has recently attempted to lay its cards on the table in a document which will form the basis of a joint Government-BR investigation of railway electrification.

BR accepts in its paper that under UK Treasury test discount principles, using discount cash flow techniques, it cannot justify any big electrification projects. Mr. Ian Campbell, the railways' chief executive, makes the point, however, that the construction of the network in the 19th century would have been impossible, judged by the same principles.

## Judgment

What BR wants is a leap of judgment in energy forecasting by the Government based upon the idea that oil power will be two or three times more expensive than electricity by the year 2000 and that it will be desirable from the point of view of the national economy to have an electrified railway able to draw power from non-fossil fuel sources at a time when other interests will be competing for scarce oil-based products.

From this point, BR goes on to postulate three alternative electrification strategies, ranging from 370 to 2,970 route miles at a cost of between \$60m and \$520m.

The Government's response, when it comes, must be inseparable from its more general energy strategy which, given the still considerable uncertainties in forecasts, could be some distance away. It will be surprising in practice if the piecemeal approach of the past is not continued, albeit with some earnest of good intentions about the longer term.

This would not suit the British railway equipment industry which, like its counterparts in Europe and America, has suffered often enough in the

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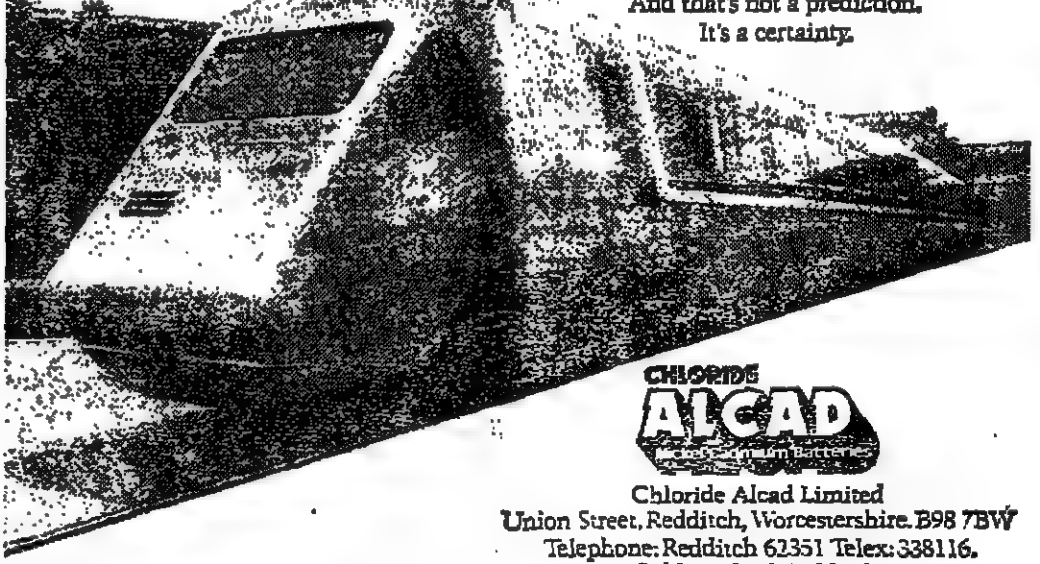
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I.H.

## Networks

CONTINUED FROM PREVIOUS PAGE

at railwaymen knew best street tramways, is very much the British railway's industry's showcase.

The Hong Kong rapid transit system, for which Britain is supplying most of the hardware, is a fully-fledged metro, but one which has also been designed around well-proven components. It is interesting that one of Britain's few obvious head-over-powered Pendolix systems, for which MacAlpine is currently seeking EEC development funds, boasts emphatically that it is based upon tried and tested technology.

Occupying middle ground is France, which, along with Japan and Britain, is the most successful exporter of rapid transit equipment. The Paris Metro, still the subject of extensive and costly extension and improvement, runs on rubber wheels and is more heavily automated than, say, the London Underground. The success of French transit car manufacturers in North, Central and Southern America owes much to the reputation of this railway.

The Japanese, like the Americans designing principally to the specifications of their own cities (only about 10 per cent of Japan's rail cars have been exported in recent years) have produced a much greater variety of solutions.

Osaka, for example, will have a driverless vehicle which looks more like a bus than a train, but which runs on a concrete bed and is powered by a single ground rail. Kobe will have a system designed jointly by Mitsubishi, Kawasaki and Kobe Steel involving a vehicle with four rubber ground wheels and four rubber guide wheels, again on concrete. This will cost \$145m, which is reckoned to be less than half the cost of a conventional rapid transit.

When Osaka went out to tender, seven entirely different systems were proposed.

## Big range

So it is not surprising that when the railway equipment manufacturers of France, Germany, Britain, Canada, Japan and the U.S. meet in open competition in a third market, such as South America, the range of options for the customer is enormous and the prices equally varied. Hong Kong had 117 applicants from 16 countries for its metro contract.

Ironically for the Americans, the U.S. has itself become an export target for the others—as unusual feature in the railway industry where virtually all the major railway countries buy only domestic equipment.

The opening of the U.S. market was caused not only by

the failures of domestic manufacturers, but by the terms of federal grants which insist that each city select the lowest bidder for a contract. In 1976, 373 out of 532 transit and commuter cars bought in the U.S. were foreign and a major victory followed the successful bids by Breda of Italy for a Cleveland contract and of Societe Franco-Belge for an even larger deal in Atlanta.

With the federal Urban Mass Transport Authority investigating foreign penetration of the American market and Jim McDivitt, President of Pullman Standard, leading a campaign against foreign manufacturers, the view of many European rail transit car manufacturers is that the market will close up. In any case, the rate of spending has slowed down as many schemes have been simplified in the wake of the BART debacle. No one really expects the U.S. Government to go on putting up 80 per cent of the cost of rapid transit schemes and allowing foreign companies to take the plum contracts.

If the U.S. market does swing back towards domestic equipment suppliers and the existing pattern of France and Britain doing best in areas of former colonial influence continues, the only areas of open battle will be Central and South America and the Middle East. The Mexico suburban rail

plan, which could be worth \$2bn, is the one that everyone would like to win, but where the French start favourites having already constructed the Mexico City Metro, to a rubber-wheeled design.

Getting in first is crucial in railway exporting, because systems and even stock last a long time. It is not easy for a city or country to switch to entirely new designs once a system has been selected.

In transport terms, there is absolutely no doubt that urban railways have a big future. Invariably electric, they are well placed to deal with changes in energy patterns, and although reserved track systems, especially those involving tunnels, are costly, reserved track has proved itself to be the best way of permitting efficient mass transit without punitive measures against the motor car which public opinion will not permit. Buses, in spite of traffic management policies, are getting slower in most capital cities.

But for the railway industry, still, in spite of the railway boom, subject to overcapacity, especially in parts of the German, Canadian and Australian industries, the sharpness of the competition ensures that there are going to be no easy pickings.

I.H.

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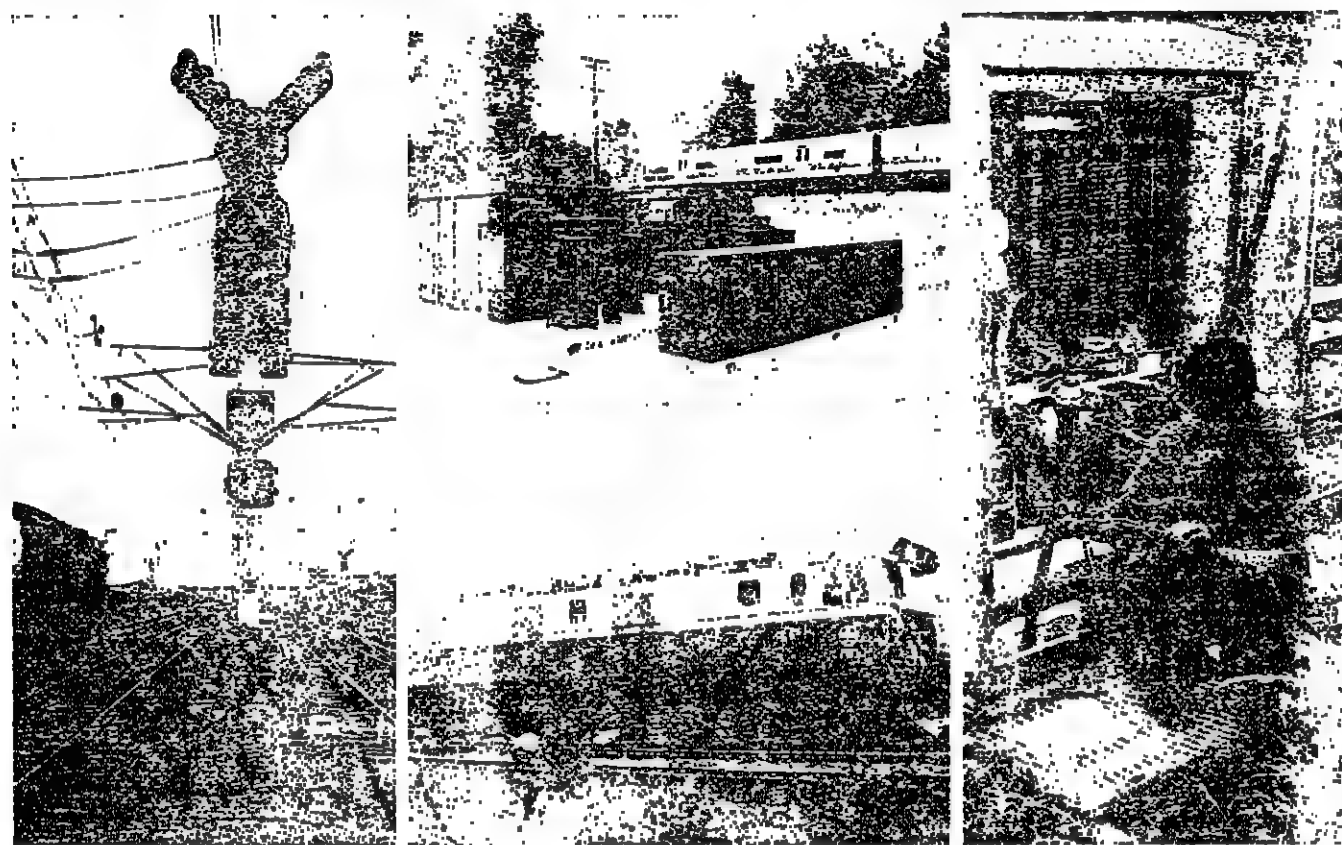


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## WORLD RAILWAYS VI

# Consultants' skills in growing demand

THE TRADITIONAL railway building skills of Britain and the resurgence of rail programmes in developing countries have been important factors in the success of the country's many consultants who cover a spectrum of work in the electrical, civil and mechanical engineering fields.

However, since many of the developing countries now building and renewing their railway systems have little in the way of administrative services or experience, consultants have been required to provide multi-disciplinary assistance, ranging

from preliminary studies to staff training and economic planning.

International competition in the consultancy field has been strong, however, and British companies have seen the capabilities of French, German, Japanese and Canadian companies improving rapidly in recent years.

But the more rapid pace of development in Third World countries, linked with the oil crisis which has made railways more economic in relative terms, has created a range of projects in Africa, Latin America and the Middle East which provides a considerable reservoir of work.

But the ability of developing countries, particularly in Africa and Latin America, is severely limited by their economic problems and the rapidly rising cost of railway work. Even in the Middle East, where enormous rail development is planned, a number of projects has been delayed because of cost problems.

Although most British consultants work closely with both British Rail and the private sector railway equipment suppliers, Transmark, BR's consultancy offshoot, clearly has a considerable advantage in having a pool of around 2,000 British Rail employees who are able to work directly for Transmark when necessary.

As Transmark's managing director, Mr. K. V. Smith, says: "We obviously have a monopoly on certain information, such as how to maintain a railway track, because we are the only people in Britain who do it. But most of this information is available and the private consultancy firms have the advantage of greater design capacity than we have."

## Claim

Transmark, however, has the advantage (being a State-owned company) when participating in government-to-government deals, although some independent British consultants claim that only they can give a completely unbiased view of what equipment is suitable for a project.

In Britain there are perhaps

seven or eight consultants who can offer a full range of services on the development of rail systems, although many others have more specialised expertise, and many have a slight advantage over Transmark in that they have long experience in overseas countries.

Transmark, which was established in 1969, is working hard to build up this kind of experience, which is no doubt helped by its joint activities with British or other European consultants. Surprisingly, the U.S. has become an important market for Transmark and it is currently doing work for Amtrak and the Federal Railway Administration and the BR chairman, Sir Peter Parker, is due to visit the U.S. in September.

Transmark's involvement in the Far East has also been successful since its feasibility study on the Kowloon-Canton Railway's \$1.4bn modernisation and expansion programme, designed to meet the increasing traffic of workers from new housing in the new territories. This has been accepted and will now be put out to tender, with Transmark likely to be involved for another three to four years as project managers.

One of the bigger undertakings of Transmark has been the modernisation and electrification of railways in Brazil in co-operation with the General Electric Company, although this has been beset with delays because of the Brazilian decision to switch much of the work from one rail sector to another.

Transmark is also working with the British consultants Henderson Hughes and Busby (HHB) in Iran on the modernisation and electrification of the Tehran-Taheriz line, following a trade protocol signed with the British Government in 1974. Transmark is the main consultant on the project and HHB was appointed as part of the Transmark team with special responsibility for mapping, route location and detailed design both of the alterations to the existing track and also for the direct new route.

## Europe

CONTINUED FROM PAGE 11

ains. But there is no doubt that the railways have taken a qualitative leap forward of great significance with the new generation of passenger trains and that the policy is paying in terms of improved passenger traffic.

Computers and electronics have also produced considerable advances in everything from locomotive design to automatic signalling and control systems. Technologically the railways now have the ability to reduce manpower levels substantially, but political problems in most countries have restricted change.

But other political factors are working in favour of railways. Among the Common Market countries, the main developments have been moves to control more tightly the lorry driver's day—and the imposition of the 450 km driving day in Britain will certainly improve railway competitiveness in freight. More significant, though, are the stirrings among central European governments in favour of transit taxes on heavy lorries using their countries for the busy Europe-Turkey-Middle East trip.

Austria, amid outcries from the road industry, has already imposed a substantial tax penalty, and despite European Commission frowns there are indications that West Germany might favour some similar move.

The railways also have much to offer in terms of safety—British Rail says it causes 70 times fewer serious injuries per passenger mile than the private car—and in terms of lower environmental interference.

Governments, though, do not behave consistently towards railways. Most systems have suffered from interference on pricing policies and in the U.S. recently, following a small spate of serious derailments of dangerous goods wagons, the Administration has responded not by producing cash to enable near bankrupt companies to upgrade their infrastructure, but simply by strengthening the inspectorate to catch and fine offenders.

In the U.S., federal railroad policy is only evolving slowly after generations of neglect. Amtrak and Conrail, the two publicly owned organisations responsible in turn for national

The design teams are drawing on the research and knowledge provided by British Railways, and Transmark believes that this rail technology has been boosted to a high degree of expertise by its research establishment at Derby.

## Systems

Aside from the electrification and modernisation of major railways, there has also been great demand in recent years for consultancy services covering rapid transit, urban transit, tramways and other systems, and British consultants have developed their expertise in these areas.

They are able to provide a range of services covering motive power, current collection, power supply, signalling, track and structures. Feasibility studies are normally carried out to determine that solutions are technically available to enable any particular line to be constructed to suit prevailing conditions.

to establish budgetary capital and operating costs, and to make recommendations for the most economical system.

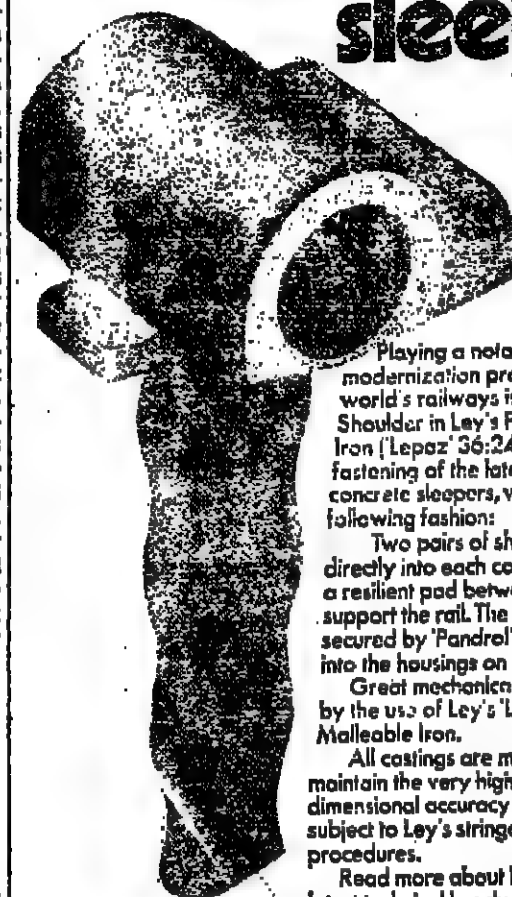
Preliminary design work enables a more accurate assessment of overall project costs to be established before moving on to formal contract drawings and the procurement of materials under the control of the consultant.

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Lorne Barling

## For really heavy sleepers



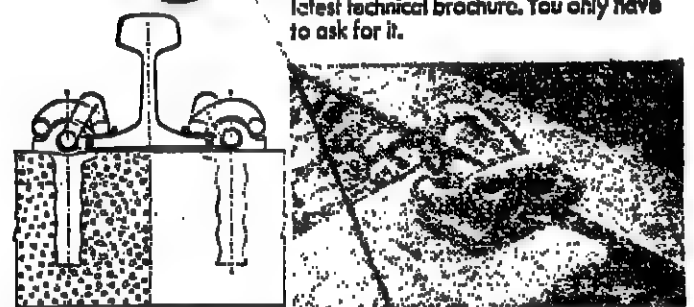
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# The Management Page

EDITED BY CHRISTOPHER LORENZ

## Where success means shared profits and an open book

"THE TROUBLE with having an open style of management," muttered Nick Schofield in mock anger as he cruised around the crowded car park at the back of his Croydon office, "is that any one thinks he can steal your parking space."

Schofield is managing director of the UK arm of CMG, a young, fast-growing computer consultancy which has an unusual style of management. Another aspect is that any of the 400 or so staff inquisitive about Schofield's salary can discover it by merely opening a filing cabinet. Not just his, for all salaries—and filing cabinets—are open to inspection.

An "open salaries" policy may not be unique to CMG in Britain—although it is pretty rare—but when the company started a subsidiary in Belgium it was so unheard of that a cloud of academics descended upon the firm to marvel at this strange English custom.

Founded in 1984 by three young men working out of the basement of one of their homes, CMG had a turnover of £8.5m in the year ending May, 1978. Schofield, who joined the company two years after its founding, says the target is to sustain a 50 per cent per annum growth, in real terms. It talks of going public in 1982.

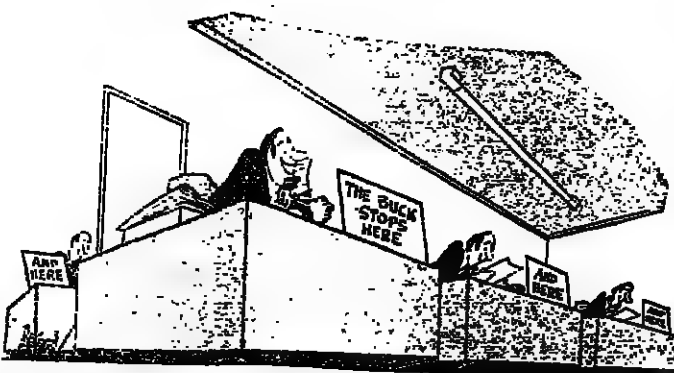
As is the way with private companies, declared profits have not been very high—this year's pre-tax level was 3 per cent of turnover. But as is also the way with private companies hoping to make a public offering, these are increasing. Next year Schofield expects to be able to declare a 4 per cent pre-tax profit on a forecast turnover of £12.5m, and he says the company is aiming to show a 7 per cent rate by 1982.

One advantage of being a new company in one of the world's biggest growth industries is that it offers scope for new management ideas some of which would be very difficult to introduce into a well-established organisation.

Of course, it is open to debate whether CMG has succeeded because of its unusual management style, or whether it is the growth which has sustained the style. In reply Schofield notes, rather smugly, that a number of CMG's competitors with conventional management techniques have ended up in the arms of the NEB: something which in him would be beneath contempt.

From the beginning the company has run a profit-sharing scheme, and it has attempted to maintain the informal nature which was inevitable in the very early days.

A central part of CMG's management philosophy is to keep the operating units small. The company has found that once a unit has grown to about 80 or



100 people communications start to breakdown. And on two occasions when it has reached 120 it has found a marked rise in dissatisfaction among staff, and people started leaving.

What is particularly striking about the company is the openness of its organisation and, to a lesser extent, the degree of democracy. Within each of the ten companies which make up CMG there is a monthly staff meeting at which a summary of the monthly accounts for that particular company and the

Compared with many other companies, then, a lot of time is spent on meetings and discussions. The declared object is to give as many people as much say in the company as possible. Inevitably the power and the final decision-making lies with the group board and ultimately with the three founding members, who still have a controlling interest. Schofield makes the point that although they have theoretical control, they would be unlikely to go against the general wishes

and growing industry. As much as its open and participative style of management, CMG's high wages may help promote loyalty.

In addition to boasting higher than average wages, a profit-sharing scheme offers an across-the-board percentage of salary. Based on group performance, this year it amounts to 63 per cent for all employees. The aim, according to Schofield, is for this eventually to reach 10 per cent of salary.

There is also a share-buying scheme which once a year gives employees a chance to buy a stake in the company. Originally such purchases were limited to employees with a stated maximum of purchases of no more than 20 per cent of salary. As it happened, such limitations were unnecessary, since no one was inclined to spend one-fifth of their salary on shares. Now the criteria have been broadened. An employee is no longer required to sell his shares on leaving the company and relatives are also permitted to make purchases.

In spite of the encouragement to buy shares, the staff stake in CMG is only 19 per cent. Schofield gives the impression that this is probably less than the founders of the company might have hoped.

It is not easy to assess the effectiveness of CMG's management methods. It is not a management technique which could be imprinted on an established firm; it could only succeed in a new and growing organisation.

The usual criticism of the company's style is that it will not withstand growth; the larger it gets the more diluted will become its informal and open management methods, and the more it will revert to conventional means. That doubt still stands, in spite of the fact that CMG likes to point out it has sustained the style through several years of growth since the criticism was first voiced.

Another question has to be asked of this apparently admirable management technique. What happens when it loses the natural advantages of being a young, skilled team in a growth industry?

THE NEW dynamism of French management, which has been responsible for France's rapid ascent to the No. 2 slot of the European industrial league, has been eloquently underlined this month by Peugeot-Citroën's bid to take over Chrysler's European operations. But the motor industry is by no means the only area in which French managerial skills and inventiveness have shown themselves to be equal, if not superior, to those in other leading industrialised nations.

For instance, the French have one of the most original and successful leisure companies in the world—the Club Méditerranée—which, since it was founded in 1950 has spread its tentacles from the Mediterranean to Africa, the South Seas and the Far East.

Though the French did not pioneer holiday camps and villages—that honour must go to Britain's Billy Butlin—they have certainly improved the original formula out of all recognition. The brainchild of Gerard Blitz, an Antwerp diamond-cutter and former Belgian water-polo international and swimming champion, who is still the vice-president of the company, the Club Méditerranée villages are a subtle blend of casualness and efficient organisation of leisure activities.

It may not be everybody's idea of getting away from it all, but there can be no doubt that the Club Méditerranée's recipe appeals to the palate of a fast-growing number of people. Of the estimated 1.2m people in the world who choose the village formula for their annual holidays, as much as half of them now go to one of the 71 villages run by the Club Méditerranée.

### Turnover

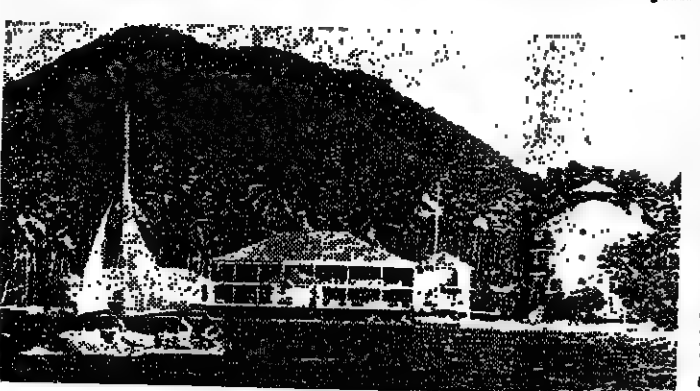
During the last three years, Club Méd's turnover has doubled—from Fr 600m in 1974 to Fr 1.14bn (about \$286m at current exchange rates) in 1977, its profits have nearly tripled to Fr 61m (about dollars 14m) and its cash flow has doubled to Fr 82.4m (about dollars 19m).

Gerard Blitz may have had the original idea, but the man who is really responsible for the Club Méd's success story is its present chairman, Mr. Gilbert Trigano who, at 58, is still as boyishly enthusiastic about the whole venture as he was 24 years ago, when he joined the infant company as managing director.

Small, dark, perpetually shirt-sleeved, Mr. Trigano bounces around the world, negotiating

## The French bring a touch of class to the holiday camp

franchises for a new village with a Turkish Minister in the morning and dining with the member of the Jordanian Government in Amman the very same evening. Though he can now be considered a whizz kid extraordinary, who considers the world his oyster, it took the young Trigano some years to find his real niche. The son of a grocer, he left school at the age of 15 and embarked on what he hoped



would be a career in the light entertainment field, writing sketches for the radio and lyrics and later camping material, such as tents. It was as is so often the case, this business which eventually brought about the partnership with Gerard Blitz.

Trigano did not immediately show his business acumen. In let his son go his own way, if he 1981, the whole enterprise could prove that he could make a living. He put him in charge of one of his grocer's shops and whole cash flow in new projects promised not to interfere in and found they could not pay Gilbert's career if he could their debts to suppliers. Prob-

increase the turnover and ably thanks to good personal relations, they persuaded Edmond de Rothschild, who is still one of the major shareholders in the Club Méditerranée, to bale them out with Fr 10m, a risky move at the time, but which has more than paid off.

Having won his freedom, the young Trigano attended a summer of drama courses with the bar of becoming an actor. But it was not to be. The war inter-Paris, Credit Lyonnais, CEMP being Jewish, took refuge in the south-western International together about 50 per cent of the Club Méd's capital today and are a

copper-bottomed guarantee of good financial management. In recent years, too, the company has made a big effort to modernise its operations and to cut down its administrative staff, by installing a world-wide computerised booking system. But though Club Méd has become much too big a concern to be controlled entirely by one man, Gilbert Trigano remains its real driving force, a kind of philosopher king of tourism who considers that he has a real mission—apart from making money.

### Philosophy

Though he has long ago parted company with the Communist Party, he still holds fast to the altruistic and human philosophy which motivated its founders. Private property is anathema to him. The happiness of the individual is ensured by the collective use of the wealth which permits this happiness," is one of his most typical remarks.

He sees the Club Méd villages, with their communal activities as the best concrete manifestation of this principle. The trouble is that compared with British and German package tours, it is still relatively expensive to spend a holiday at the Club. With one eye on Marr and the other on next year's profits, Mr. Trigano has therefore devised a plan to form his own air charter company, together with four of France's biggest tour operators, to reduce transport costs.

Dissatisfied with their present arrangements with Air France, which has a near monopoly of the French air charter market and charges much higher prices than competing charter companies in neighbouring countries, Club Méd and the other operators intend to purchase four to five Boeing 727 aircraft. The joint air charter company will be capitalised at \$5m to \$8m.

There is thus a fair chance that Club Méd holidays may become cheaper in the near future and be more competitive with the traditional package holidays, which still have an edge on price.

What happens next is anybody's guess. Mr. Trigano, who is never short of new ideas, harbours an ambition to create a holiday village in Aqaba, Jordan, and even hopes to obtain permission to let the people from there visit the already existing Club Méd at Eilat, just across the frontier in Israel.

Robert Mauthner

By Jason Crisp

group are presented. Staff can, if so inclined, inspect the full accounts of their own or of any other subsidiary.

Asked if he was not worried that competitors would be keen to see these monthly accounts, and was not worried about confidentiality, Schofield replied with a broad smile: "We quite like the competition to know how well we are doing." The only information which is confidential within CMG is that which belongs to a client, plus certain personal staff information.

Four times a year there is a two-day management meeting, usually in Hove, so that all levels of management can thrash out a wide range of subjects, ranging from marketing and training, to the annual formulation of managers' pay. The junior level of management will have met with its staff before the meeting and can raise any of their problems as well.

Overall strategy for the company is determined at group policy meetings held by senior management after the more general meeting. Group Policy Meetings, GPM—computer men have an acronym for everything—are attended by the top two of CMG's three tiers of management: group directors, subsidiary managing directors and associate directors. The "Executive committee"—which effectively the group board, meets monthly.

which would have come up through the company.

All CMG managers are promoted from within, largely because it is felt that anyone from the outside would not understand the way the company is run. This rule is adhered to, even if it means limiting expansion, says Schofield.

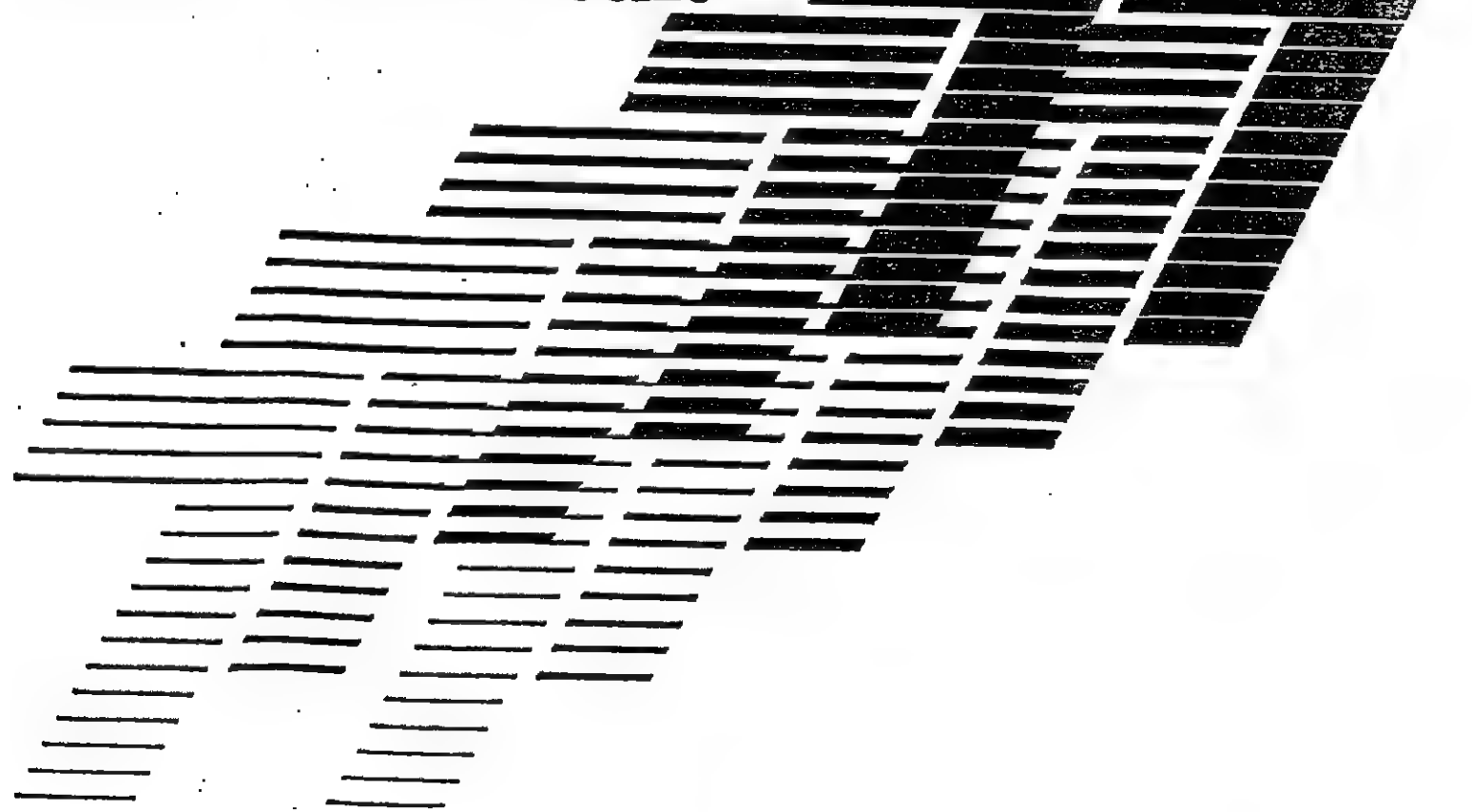
With a company aiming at a real growth of 30 per cent per annum, it means staff can expect to be promoted on average within 3-4 years. When at one stage expansion was running at 70 per cent, management resources became overstretched. Even at the current level of growth, things can be very demanding on the managers and the company admits there has been the occasional difficulty as a new manager struggled to find his feet.

But although the chances of promotion within the company are good and there is a risk of over-promotion, CMG will demote, too. The idea is that demotion does not imply disgrace, but that if somebody has been put into too deep water then it helps neither him nor the company to stay in that job. Of about 10 who have been demoted, around half have remarkably stayed on at CMG; indeed, several were re-promoted successfully a few years later.

Staff turnover of 10 per cent may be seen as quite reasonable, especially as the staff are young, well educated, bright and upwardly mobile in a competitive

## A Favourable Trend

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#### Nord LB - Abridged balance sheet:

Assets	Balance sheet as at 31. 12. 1977, in million DM		Liabilities
Cash	692	Liabilities to	
Bills of exchange	204	banks	6.348
Due from banks	6.773	Liabilities to	
Due from customers	18.859	customers	4.254
Securities	2.307	Savings deposits	2.724
Fiduciary loans	1.086	Bonds issued	15.687
Investments in subsidiaries and associates	438	Fiduciary loans	1.086
Assets of the regional building society (Landes-Bausparkasse)	3.778	Capital and reserves	841
Other assets	1.521	Liabilities of the regional building society (Landes-Bausparkasse)	3.655
		Other liabilities	1.073
Total assets	35.668	Total liabilities	35.668
Group balance sheet	38.807	Total activities	44.487

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# Whither the Western

by NIGEL ANDREWS

convoy. (A) ABC Shaftesbury Avenue, Scene, Classic Oxford Street and ABC release Plaza 4

Whatever happened to the Western? The mortality rate among Westerns is low—they may be in style but they do not seem to disappear when one of the great staples of the cinema slips from our screens, apparently forever, one wonders by and where it went. The answer is to be found in the new film, Sam Peckinpah's *Convoy*, which is a hymn to America's long-distance lorry-trucks and a Western in all but name. The pioneer trails may have been trampled over, and a horse may have given up the combustion engine, but the backdrop is still the same—old West—and so are the thematic values. Loyalty, honour, grace under pressure, the themes of the Western are still the prerogative of the Western, now passed into the hands of the Road Movie and the cop-drama. *Convoy* is a bit of the two, and a bit of the three. Its plot is a simple one: a trucker, heading for Mexico to deliver a load of trucks, is caught in a violent punch-up at a roadside bar. Kristofferson's character takes to the road, heading for Mexico to deliver a load of trucks. The film is a bit of the two, and a bit of the three. Its plot is a simple one: a trucker, heading for Mexico to deliver a load of trucks, is caught in a violent punch-up at a roadside bar. Kristofferson's character takes to the road, heading for Mexico to deliver a load of trucks.

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All MacGraw in 'Convoy'

brave little band of disc jockeys who run Radio, O.S.K. in Los Angeles, pride themselves on having created their own "sound" and style, and now the Big Corporation that owns them is growing for bigger profits and a higher ratio of commercials to music. But they will have none of it: "they" being handsome radio station chief Michael Brandon, in black disc-jockey-Chester Little ("Prince of Darkness"), to his listeners, blond disc-jockey Martin Mull and "Mother," played by Eileen Brennan. The tragicomic imbrologies vary from the endearing to the

Edinburgh Festival—Lyceum

# The Marriage by B. A. YOUNG

Gogol's farce is the second play brought here by the interesting Malaya Bronnaya company. Well, they play it as a farce and describe it skittishly in the programme as an "absolutely incredible event," but it doesn't look like a farce to me. It is not a play I know, and I could find no English translation in Edinburgh, but under the extravagant slapstick of Anatoli Efros' production I thought I saw something about as farcical as *The Government Inspector* but no more.

The tale is a simple one ornamented with many comic elaborations. Podkolyosin, the kind of shiftless independent bachelor who appears with such sinister frequency in 19th century Russian stories, is half-heartedly courting the girl Agasya with the aid of his confidant Kochkaryov. Podkolyosin is poor material for a hero; Michael Volok makes him almost invisible as he lurks out of sight in corners. But Kochkaryov (Mikhail Kozakov) bustles about like some local Figaro, though he spends less time advancing his principal's suit than he does scaring off the rival suitors.

These are three assorted grotesques—Zhevakina (Lev Durov), a peppery little old ex-natal officer with a vast grey moustache, Anuchkin (Dmitry Dorilab) whose legs give Agasya less than total pleasure, and Yachmiesha (Leonid Bronevoy) whose name means "cuckoo."

Gogol likes jokes about funny names. Zhevakina consoles Omelette by telling him about a Midshipman Void that he once served with. In *The Nose*, if I remember rightly, there is one Rozumov who finds his name deeply embarrassing. This production's stage manager is Tatiana Wool; what would Gogol have made of that? Omelette, though Bronevoy is a talented comedian, has to rely on his name for his laughs.

The direction has much in common with the company's other production. Some of the



Olga Yakovleva

action is relegated to tiny boxes that are pushed on to an otherwise empty stage and stay there in a background; one contains a room in Agasya's house, where Agasya, the enchanting Olga Yakovleva, proves as indecisive as Podkolyosin himself, and the other contains a carriage with very little function. Much use is made of off-stage music; for Turgenev it was some children summoned up by Yana Wool; what would Gogol have made of that? Omelette, though Bronevoy is a talented comedian, has to rely on his name for his laughs.

The direction has much in common with the company's other production. Some of the

Albert Hall/Radio 3

# English Chamber Orchestra

by ARTHUR JACOBS

A thread of tune from Richard Strauss's *Ariadne auf Naxos* persisted in my head long after leaving the Albert Hall on Wednesday. Not that the opera itself had been added to the programme. But the tune is one of the many musical allusions with which Strauss enriched his suite of incidental music to *Le Bourgeois gentilhomme*. Long as it is, the suite was very agreeably unfolded by Norman Del Mar, who champions Strauss equally well with the baton and the printed book.

The scoring, much reduced (in an antique style) from Strauss's concentrated, is still a testament of choice for the capable English Chamber Orchestra.

Equally so was Mozart's *Symphony No. 35* in B flat. Here, having specified only two of each wind-instrument, Mozart would have been surprised to see three horns. Today's horn-players have thus solved the problem of employment, the appearance of five instrumentalists to play four parts being likewise the rule rather than the exception. Mr Del Mar showed convincingly that this rarely-heard

Book Reviews appear on Page 27

Elizabeth Hall

# Gabrieli Quartet

by MAX LOPPERT

This was the second of the two titles of Schubert string quartets given by the Gabrieli at this year's South Bank Summer Music, and they brought it to a stirring close with a masterly count of the D minor Quartet (D934) and the *Moderato*. It is a rare performance of this rivetingly insistent work that does not make the listener's ears ache in sympathy with the players in their struggle to breathe the "near-orchestral" textures, predestined by Schubert's string writing: one Quartet in G is more exacting.

Yet in Wednesday's performance, there was seldom the feeling that the strains of encroaching the *motu perpetuo* section and wide intervals were "distracting the brilliant players from the matter of the musical surface, perhaps, once or twice in the movement, the intonation of the first violinist, Kenneth (to become a little uncertain at times.) Between the various crucial elements in the piece, between the business, sphere of dark dramatic intensity, and unrelenting dynamism of thought, a balance was kept and sustained with the joy of exceptional understanding. The music could also be enjoyed as the greatest secret that always be for its young pleasures. In the slow movement, the meshing of body with its increasingly late and fantastic tracery was traced with expert clarity. It is a pity to be denied the rest in the last movement (a recital rather too short on movement repeats).

The playing of the Gabrieli Quartet is always lucid, always moulded with care to the proportions of a work without exaggeration of subordinate details; but it does not always achieve the powerful impact that marked this *Devil and the Maiden*. In the first half, there had been scrupulous performances of the early B flat Quartet (D112) and the A minor Quartet (D804). A particularly elegant listener could have wished in the former, for more affectionate moulding of the blithe melody of the Trio; and in the latter, for a more urgently anxious patterning of the repeated figure of four semiquavers that so insatiably unsettles the unfolding of the opening movement. But these demands would have been made in the face of chamber music playing of altogether uncommon discipline and unanimity of purpose.

## Manuscripts to stay in Britain

The Arts Council and the Victoria and Albert Museum are making a grant of £15,000 to enable the manuscripts and literary papers of Walter de la Mare to remain in Britain. The grant is being made to the Bodleian Library, Oxford, to facilitate the purchase of the papers from the Trustees.

The material consists of the working papers, manuscripts, typescripts and page proofs of almost all Walter de la Mare's poetry and prose, his short stories, lectures and speeches.



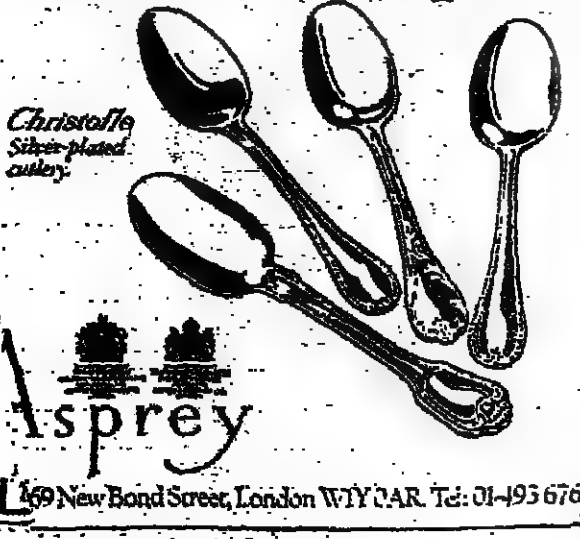
George Chakiris and Beth Morris

Queen's

# Passion of Dracula

Bram Stoker's novel has been its medical setting. She is killed offstage but returns. "Un-dead," to vampirise the Lord. Mr. Villiers brings down the house with a cry of "stake through her heart, be retards magnificently to declare "You Purfleet. The doctor's asylum is the strange happenings since the arrival in a crumbling mansion of Count Dracula. Stoker's spider-chewing madman, Renfield, rushes in and out, but oozing lounge lizard charm, bewitching the advent of his saviour and mentor, sexy, sybil-like Wilhelmina with the blond grace of a well-bred panther. Wilhelmina's Jonathan Barker (Tom Marshall) is not the initiated solicitor's clerk fresh from the Borgo Pass, but a calm, journalist with a nose for a story. And centre stage is most successfully held by Roy Dotrice as the Dutch professor, Van Helsing, who unravels the learned determination to face it. Clifford Williams's production gets by thanks mainly to its deftness with grace notes: Richard Moore's servant, for instance, crosses the stage in Act 3 blankly disbeliever and danny as though someone had served the cucumber sandwiches on a tin plate. Godalming, in fact, is sneaked into the dastardly pay-off by Seward's Freudian nurse, a character who does not appear in Stoker but is introduced to replace Wilhelmina's friend, Lucy Westenra, and provide a tighter binding of the story to

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Friday August 25 1978

## Another drop in the ocean

THE REPORTED readiness of the U.S. authorities to draw on the unconditional credit available to them in the International Monetary Fund is meant to stress their determination to arrest the decline of the dollar. Unfortunately it is likely to have exactly the same result as other recent "defence measures"—a rally with a life of a few trading hours; for its true message is not at all that which is intended. It shows how much the Americans still have to learn about the true cause of the dollar's persistent weakness.

### Intervention

If the availability of funds to mop up the privately held dollars on offer were the whole solution, the problem would have solved itself before now. Interventions by foreign central banks in the 18 months since the problem first became acute are now well in excess of \$40bn, a sum substantially greater than the whole U.S. current account deficit in the same period. The rate of intervention rose in the first quarter of this year to nearly \$14bn, and has no doubt reached very high levels again in the recent slide. In the light of these figures, showing a massive switch of capital, a quarter-point rise in discount rates or the sale of an extra \$600m worth of gold are scarcely even gestures, and the mobilisation of about \$4bn in the IMF would relieve the pressure on foreign central banks for less than a month. These do not look like the actions of a government which takes the "dollar problem" really seriously.

Doubts on this score are easily roused, because the decline of the dollar was for a long time clearly not a problem for the U.S., however much agony it may have caused for Japan, Germany or the OPEC countries. The Administration chose to pursue a course of domestic expansion much faster than that in the rest of the world partly for domestic reasons and partly because an effective devaluation of the dollar was actually desired.

The results up to now have been the whole very good from a U.S. point of view—a prolonged period of unusually rapid growth, a marked rise in employment, an improvement in competitiveness, and more recently a marked increase in

foreign real investment in the U.S., which will in due course contribute both to growth and to the U.S. trade performance. It is, of course, perfectly legitimate for the U.S. to pursue its own interests in this way for as long as the policy produces the right results. The rate of inflation has, it is true, remained disturbingly high when it might otherwise have fallen; but other countries which have added enormously to their dollar reserves have shown that they too are prepared to put up with some of the inflation caused by U.S. policies if by doing so they can also enjoy part of the trade growth which has resulted.

This policy, then, has solved the problem of U.S. competitiveness and also, according to recent indications, the problems of idle industrial capacity in that country; and for that reason it is time for the policy to be changed. A monetary expansion which pushes on the limits of capacity is no longer expansive in any real sense, but is simply inflationary. It is because the markets sense these inflationary dangers that the dollar is so weak.

The Administration is also increasingly worried by inflation, but its recent actions suggest that it thinks the problem originates in the exchange markets, instead of simply being reflected there. The illusion that real economic pressures can be staved off by foreign borrowing is one which problem-ridden governments are inclined to embrace tenaciously, as we in this country know only too well.

However, there are now domestic pressures in the U.S. which may drive the Administration towards more appropriate policies more quickly than any amount of international criticism. The build-up of demand pressures in some U.S. industries coincides, rather naturally, with a threatening build-up of domestic financial pressures; the need to finance the federal deficit without a vast monetary expansion may drive up interest rates in spite of fears about inflation.

The initial rise, as again we have learned, could be sharp—much sharper, at any rate, than the U.S. authorities have yet been ready to contemplate; but after that the results, in what is still a dynamic and responsive economy, could be quick and gratifying.

## A setback for Israel

THE disintegration of the Democratic Movement for Change marks the end of what had seemed to be the most promising development in Israeli politics. It hardly bodes well for those hoping to see Mr. Menahem Begin adopt more accommodating policies at the Middle East summit at Camp David next month. The great hope of the liberal middle classes which scored so well at last year's general elections, the DMC today lies in the ruins created by its own political naivety and the rightward shift by the voters which thrust Mr. Begin into power.

Israel has a long record of political factionalism, with as many as 20 parties contesting each election and usually more than ten returning candidates to the Knesset. But the DMC had been something different. It was created in anticipation of last year's elections by people who were disgusted by the complacency and corruption of the ruling Labour Party and were determined to reform the country's politics.

### Distinguished

Its leaders were among the most intelligent and least tarnished public figures in the country. Party head Professor Yigael Yadin had a distinguished record, first as a chief of staff of the army and later as an archaeologist.

The urban middle classes and intellectuals deserted the Labour Party to give the DMC 15 seats in the 120-member Knesset. But instead of just weakening the Labour Party sufficiently to be able to force reforms on it, the desertion from Labour let Mr. Begin's Likud Block which quickly formed a coalition, without the DMC. Eventually joining the coalition in October, on what most people regarded as humiliating terms, the party never managed to exert the moderating influence on the Government which it had hoped.

Mr. Begin is unlikely to be sad to see the party break up, as enough of its members are remaining in the coalition to

ensure him a comfortable majority in parliament. At the same time he has been relieved of his most vociferous critics within the coalition so that the government is more unified than ever.

The Labour Party can be excused if it feels some satisfaction over the discomfort of the party which played a key role in robbing it of power after 29 uninterrupted years. But the opposition politicians are aware that they have gained little real strength from the demise of the DMC. Some DMC voters will no doubt return to the Labour fold, but this is cold comfort at a time when elections are still three years away and the government appears more firmly entrenched than ever.

President Sadat of Egypt has made a secret of his hopes that the public in Israel would force Mr. Begin to moderate his stance in the peace negotiations. However, he would be mistaken in thinking that the split in the second largest coalition party will bring softer policies from the government.

The weakening of the moderate elements in the Begin coalition will give greater power to the partners from the religious parties whose politics tend to the right on issues of territorial compromise and concessions.

The failure of an idealistic party like the DMC can only strengthen the traditional politicians whose wheeling and dealing the public they are supposed to be serving. In the case of Israel Knesset, the tragedy is even greater because so many people, both there and abroad, had hoped that the DMC would introduce a greater tone of realism into policies which often appear to be self-defeating.

It is now clearer than ever that barring illness, Mr. Begin will continue to be firmly in control of Israel's policies for some time. The loss of some DMC members may weaken the claim that his government's policies represent the broad national consensus on foreign affairs, but they do not weaken his control over the government.

# Metals 'free market' breaches producers' last bastion

BY JOHN EDWARDS, Commodities Editor

A QUIET revolution in the pricing of metals is coming into the open with the decision this week by the London Metal Exchange to launch a new aluminium futures contract. It highlights a general move away from the so-called producer price system, under which the producer fixes the price at which the metal is sold, and towards a "free market," where the price of the metal is decided by a number of influences including, at times, speculation.

The change could have far-reaching implications in bringing a new age of uncertainty for both producers and consumers of these raw materials, which are used throughout industry.

The move towards "free market" pricing of metals is a step away from the stabilisation of commodity prices, so urgently sought by developing countries as part of their proposed new economic order for the world—and from control by oligopolies. Aluminium producers are the strongest advocates of the fixed price system for metals. This is why they have so bitterly opposed the proposed Metal Exchange futures market. They claim that it could disrupt the whole structure of the industry by introducing an element of instability harmful to both producers and consumers. They point to the example of copper, where countries dependent on copper exports for the bulk of their earnings in the year ahead because of wildly fluctuating prices.

Producers and consumers of copper also find it very difficult to plan any long-term investments, when there is no certainty whether prices will go up or down. In contrast aluminium producers point out that with a producer price system the consumer can estimate pretty accurately what he is likely to pay for his metal supplies and producers can gear their prices in line with production costs with a margin to allow for future expansion.

The producers' argument is that it is much more sensible than allowing prices to fluctuate wildly, often at the whim and fancy of speculators who may have no connection normally with the metals industry. Yet the Metal Exchange has been encouraged to go ahead in the knowledge that the producer price system has suffered a series of setbacks in recent years.

A major body blow was dealt only three months ago when Kennecott, the biggest copper producer in the U.S., decided to abandon its traditional producer pricing. Instead it is now basing the cost of the copper sold on the daily quotations of the highly speculative New York Commodity Exchange copper market (known as Comex).

Kennecott was previously one of the main supporters of the producer price system.

U.S. producers of copper, aluminium and other non-ferrous metals have so far managed to keep the fixed price system going, whereas the rest of the world is forced to rely mainly on the London Metal Exchange free market quotations as a pricing basis. This is so mainly because the metals industry is far more integrated in the U.S. than elsewhere. U.S. mine producers own a large chunk of the fabricating industry that normally buys metals for semi-manufacturing into the shapes and alloys bought by the manufacturer of products or the eventual consumer. In other words the U.S. producers have large captive outlets for their metals. They should, therefore, be able to control prices to a much greater extent.

However, the great surplus of metals available in the world during the past four years of poor industrial activity has brought intensely competitive conditions even to the U.S. market. Copper imports into the U.S. doubled to over 325,000 tons in the first half of this year—equalling about 16 per cent of total sales—as a result of being available at free market prices considerably below the producer level. Kennecott, faced with mounting stocks and an urgent need for improved cash flow to help fight off an unwelcome take-over bid, decided after

Producer prices have been retained for many other metals. But the trials and tribulations of the metals markets in recent years means that they are often a producer price in name only, cloaking a series of discounts to remain competitive. Another traditional leading advocate of the producer price, International Nickel of Canada, last year abandoned it completely in favour of "confidential" pricing, or negotiating each deal as it arises.

Fierce competition from rival nickel producers, particularly newcomers seeking a share of the market, and an abundance of supplies built up through expanding production too optimistically almost bankrupted International Nickel as its share of the market fell sharply. Ironically, Inco's move away from the producer price system has not been followed by its previously competitive rivals, who are seeking to stabilise the market and stop prices falling to even more uneconomic levels.

Zinc producers, outside North America, are faced with a similar dilemma. A massive build up of surplus stocks has virtually destroyed the so-called European producer price, which in practice covers zinc sold under supply contracts outside the U.S. and Canada. The European producers' quotation for zinc was introduced in 1964 at the inspiration of Rio Tinto Zinc.



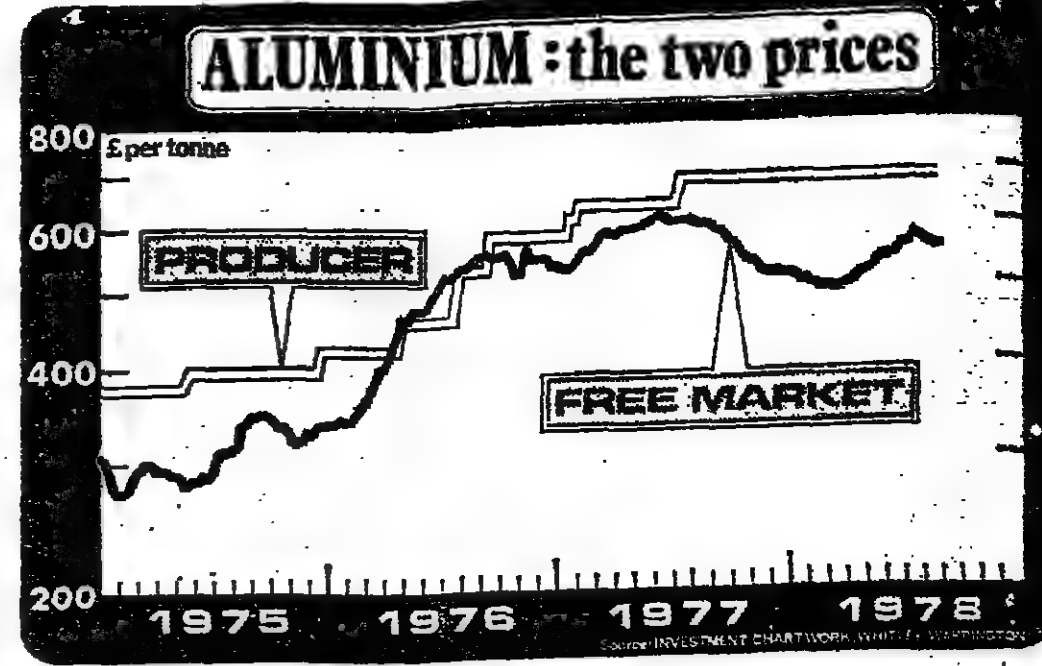
Dealers at a session around the London Metal Exchange's "Ring."

much heart searching, to switch to free market pricing.

The move successfully recaptured for Kennecott lost sales and stemmed the flow of imports. So other U.S. producers have been forced to follow. Although some are still holding out by making their producer prices more flexible, most copper in the U.S. is now being sold at a "free market" price, and what was described as the last bastion of the producer system has crumbled.

and leading French and Belgian producers, as an alternative to the previous method of basing prices on the Metal Exchange quotations.

They were able to introduce the producer price system, since the bulk of zinc output is concentrated in a relatively few hands of companies in the industrialised western world which were prepared to co-operate with each other. In the case of zinc, unlike that of copper and lead, whose prices outside North America are based



on the Metal Exchange daily quotations, there is not a lot of scrap recovered to undermine the primary market, nor are many governments involved that will not cut production for political reasons.

The European producer price for zinc worked successfully for some 10 years, with producers holding "secret" meetings on a regular basis to agree to price increases, cut output when necessary to stabilise the market, and organise support buy-

ducers to get together, just when co-operation was most needed to stop huge surplus stocks building up as a result of a big drop in demand and over-optimistic production. With no concerted action to cut output or adjust the price to more realistic levels, the European producer quotation became merely the point from which to offer ever larger discounts. Finally the price collapsed, coming down to the levels set by the Metal Exchange zinc market. Although there are signs of a recovery, the credibility of the zinc producer price has suffered damage from which it is unlikely to recover unless a new shortage of supplies develops.

Aluminium is the last major metal where producer pricing still holds supreme. Now it too is threatened by new producers coming in breaking established trading patterns, and the previous unofficial "club" of lead-western world producers that bought up surplus Russian supplies has also been disbanded. Nevertheless, there is still a great deal of co-operation, especially in switching supply commitments to save shipping costs.

The challenge presented by the Metal Exchange's proposed futures market is therefore particularly unwelcome to aluminium producers. In fact it is quite a risky venture for the Exchange, putting its reputation at the mercy of an aluminium industry accustomed to and generally in favour of producer pricing. There is not the same pressing surplus of supplies of aluminium that brought the downfall of other metal producer prices, and the industry is considerably integrated with some of the big producers owning everything from the bauxite used to make aluminium to the company making the final consumer product. Nevertheless the Metal Ex-

change feels that the tide is running in its favour, despite frequent calls from certain political circles for more commodity price stabilisation. It is an inherent fault of the producer price system that it is not sensitive to changing market forces. Producers often fail to recognise that the real price of any commodity is how much a buyer is prepared to pay, how much it costs to produce. At the same time consumers are able to rely on supplies at stable producer prices and to see the danger threatened by substitute materials available at cheaper prices until it is too late.

## Protection for funds

Free markets point to a such threat much earlier. They also reflect much more the many other influences—political and economic—that are affecting the price of metals to a much greater extent than days. The chaos in the current markets, inflation and sharp changes in interest rates having a much bigger impact on raw material supplies at prices than ever before.

It may be anathema to the industry to have metal prices decided on occasions by speculators seeking protection for their funds against inflation and currency changes by buying raw materials with a basic intrinsic value. But it is a sign of the times.

Producers are only likely to regain control of prices if new shortages of supply develop enabling them to use the time. They may have to wait a long time if the gloomy forecasts of another industrial recession developing at the end of this year prove to be correct.

## MEN AND MATTERS

### Buying a used President

I note that the newly-elected president of the Cambridge Union, Daniel Janner, 21, son of Labour MP Greville, is continuing his predecessor's policy of drawing guests from a wide spectrum. Eager to continue his climb back to respectability, ex-President Nixon is reported to want to stop off in Cambridge on his Far East tour later this year, and Janner is welcoming him with open arms: "I am writing to San Clemente to confirm it," he tells me. "We would certainly welcome him. We want to provide a platform for as many people as possible."

If Nixon does turn up he is assured of a larger audience than the Great Train Robbers, who went along in the middle of the June Tripos exams and found themselves with almost no one to talk to.

Apart from Nixon, other speakers for the Michaelmas Term include Prince Charles, Reginald Maudling and Jeremy Thorpe, who is to talk on the future of the Liberal Party.

Meanwhile Janner, a law student, will be polishing up his debating skills in Bedford Prison, where he has been invited to dispute the pros and cons of capital punishment with the prison debating society. "They're supposed to be red-hot," he says.

### Icy carnival

Carnival time is with us again. The bunting is out in Notting Hill Gate and Carnival 78 is blazing its way towards readiness. A concert tonight, a children's carnival tomorrow and the main festivities on Sunday and Monday.

were; both years about 60 arrests were made. The Kensington News and Post reports that when the police walk down All Saints Road "the music stops, radio are turned off, the smiles turn sour and the excitement over Carnival turns into tension."

The police would not tell me what precautions they were taking but say that "certain parts of certain roads may be closed at certain times." Could coloured rather than white policemen not be sent to the Carnival to keep matters calmer? I suggested, only to be told that there are only 80 coloured policemen among the 21,824 police in London.

Immigrant leaders frequently complain of police harassment so I asked Scotland Yard what they were doing to stop being considered "the enemy." I was told that until last year's recruiting campaign they only had a handful of coloured policemen: "We have the vacancies if they want to apply." Which it seems they do not. One can only hope this year's Carnival will help.

### Bagpipe blues

The 20th century has produced a number of curious diseases, of which the latest is the wallet syndrome. Certain types of low back pain have in the U.S. been cured by a simple and painless method—removal of the wallet from a man's hip pocket.

Cynics may assume that the so-called walletectomy operation has been practised by American doctors for years, but the wallets causing the trouble do not contain money. The troublesome bulge is usually traced to a pack of credit cards. Credit card mania has not yet hit Britain, which perhaps explains why the British Medical Association has not heard of walletectomy.



It is, however, aware of some unexpected hazards, not all of which have names. A leading piper recently caught a "very nasty" lung infection from his bagpipes, a BMA spokesman tells me. Pop singer umbilicus is brought on by the hubris of wearing denim without a shirt. Quite unmentionable problems are caused by the cello and the guitar. The platform shoe syndrome, bootleg phlebitis, and Beale haircut blindness are also well chronicled. So, of course, is television epilepsy.

Among the few safe modern activities, it seems, are streaking and using the telephone.

### Cold comfort

These doughty investigators into public waste and misuse, the Public Accounts Committee of the House of Commons, usually manage to come up with a gem or two in their reports. Yesterday was no exception. Tucked away on page 34 of its eighth report was the revelation that the government is in the habit of sending out "comfort letters." At last, Whitehall with a human face, I

thought, and began to ask my colleagues if I was the only person not to have received one of these missives with the latest tax demand.

That none of us had been so graced is hardly surprising. It transpires that a comfort letter is sent by a firm to the creditor of one of its subsidiaries to indicate that the parent company is aware of the obligations of its subsidiary.

Private companies send them, but so, it appears, do institutions in the public sector. The wise men who comprise the PAC say that such letters imply a moral obligation by the state to meet public bodies' borrowings supported by comfort letters; parliament should be kept informed, it writes. But it also seems that these letters are not a legal guarantee of a debt. Is it therefore worth the public paper it is written on? The PAC argues that "serious consideration must be given to their implications."

### Soft kicks

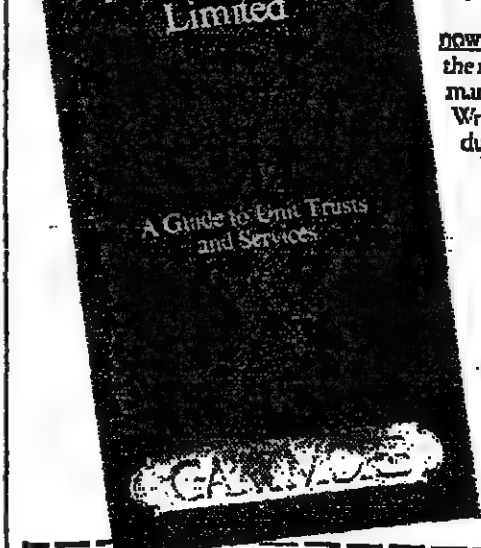
As reported in this column last week, the Middle East is developing a taste for ice-cream, Donald English, managing director of Carter's Gold Medal Soft Drinks in Derbyshire, tells me he too is making headway out there. But he says some of the million bottles a month he is selling contain over three times the usual amount of sugar. This is alleged to give a "kick" to beverages such as Cherryside which consoles the Arab drinker for eschewing a stronger tipple. The drinks are being sold in special wide-mouthed bottles which, says English, "have a thousand and one uses after they have been emptied." I am still trying to work that one out. I thought Sheherazade was dead.

Observer

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# The institutions flex their muscles

**THE CONFLICT**—now developing into open warfare—between the pension funds and Allied Breweries about whether Allied has broken an understanding to consult its shareholders before using its increased capital to make bids, is the latest and most noisy example of the institutions' new championship of shareholders' rights.

This year there have been two other confrontations. In February a case committee of the National Association of Pension Funds mounted a successful attack against the route by which the U.S. company Allegheny Ludlum was to have acquired control of Wilkinson Match. In July the same body concluded that it was "wrong in principle" for Barclays Bank to raise equity capital by buying the Investment Trust Corporation for shares and then selling it for cash to the Post Office Pension Fund.

The funds declared that the bank's own shareholders should have had first refusal where the bank offered shares for cash at a discount to the market price. In the event the high moral tone declined into silence. The committee merely advised its members to abstain from voting on the issue and the deal went through.

Most onlookers believe that the ultimate outcome of the battle with Allied will be acceptance of the Lyons acquisition as a fait accompli. As one merchant banker put it, "they bluff and they puff, but little is achieved."

Yet this is not a fair assessment of the impact of a quiet revolution among institutional fund managers. Since the mid-1950s they have occasionally

crossed swords on occasion with companies when they thought shareholders' rights were in danger. But in the past couple of years this attitude has strengthened and there is now hardly a fund which would not be ready to accept the mantle of a shareholders' champion and does not espouse the ideal of active participation in the companies they own.

The funds have intervened in principle on several occasions—and with effect. Apart from individual cases such as Wilkinson Match where proposals have been altered in shareholders' favour, some major points of principle have also been established.

● That there are so few non-voting shares in companies today is in large part due to the distaste for them expressed by the institutions.

● That companies nowadays do not seek to increase their authorised but unissued capital beyond 25 per cent of their existing equity, and that increases in borrowing powers are normally limited to 25 times tangible assets, has the same origin.

● That preference shareholders are respected at times of change to the capital structure is due in part to institutional pressure.

● No merchant bank today would back a takeover proposal if shareholders in the company being taken over would be deprived of their due dividend payments.

● Rights issues rather than placings are firmly established as the prime source of new equity capital.

In the light of these achievements—won by the influence the institutions wield when they club together—it was somewhat disingenuous of the

pension funds to claim before the Wilkinson Committee that no machinery exists which would give them an effective voice. Each of the four types of institution, the investment trusts, the unit trusts, the insurance companies and the pension funds, have within their associations standing investment protection committees which can voice their members' worries.

At a higher level there is the Institutional Shareholders Committee, set up under the aegis of the Bank of England to coordinate the action of each of the four protection committees. The ISC has not been conspicuously active on its own, though it has an influence through such bodies as the Wilson Committee and the Council for the Securities Industry.

Each of the institutional associations follows a sort of code of "best practice" based on its experience of past interventions. The institutions themselves are reluctant to describe the principles they follow as a code, although they claim that it is common practice for companies to shock with them before going ahead with major proposals in case there is any conflict with the established precedents.

The institutions are unanimous in refusing to enshrine these principles in a formal shareholders' charter. Mr. Edgar Palamontain, this year's chairman of the ISC and also chief executive of the M and G unit trust group, expresses the common view when he says that such a charter would be just "another pious, platitudinous piece of paper."

The institutions are also unanimous that they should only take up cudgels on behalf of



Mr. Hugh Jenkins (left) of the National Coal Board Staff Superannuation Fund and Mr. Edgar Palamontain of the M and G unit trust group and chairman of the ISC.

shareholders on a case by case basis. Mr. Hugh Jenkins, investment manager of the National Coal Board Staff Superannuation Fund, who has chaired each of the three case committees dealing with Wilkinson Match, Barclays Bank, and now Allied, is adamant on this.

A standing committee continuously reviewing company practice and principles would arouse justifiable resentment, he says. "However, there are times when the basic rules may need dusting down."

The Allied bid for Lyons may be a case in point. Once the actual bid has run its course, some of the institutions believe the time will be ripe for the Stock Exchange to look again

at its criteria on what constitutes a change in the nature of a company's business—the key argument between Allied and the institutions.

There are grounds for suggesting the existing criteria are too narrow. At present the Stock Exchange says a company's business will be changed only if more than 25 per cent of its assets or 25 per cent of its profits are to come from a widely different type of activity.

For the most part the institutions will continue to act in specific cases, and usually behind the scenes rather than with the publicity which has accompanied the Allied affair.

Mr. John Storer, deputy chairman of the Association of Investment Trust Companies,

says that the institutions "want capital themselves in the public market. So they are not inhibited by a reluctance to throw stones at others who are raising capital. They do not compete against one another in the force way the insurance companies do. They are more able to band together and share common interests. In contrast with the unit trust movement pension funds generally are not constrained by the pressure for short term performance. They can afford to take a longer view."

These characteristics of the pension funds may affect the way in which institutional shareholders participate in future in the companies they own, but

the underlying pressure for them to be seen to be carrying out their proprietorial function is in any case increasing. The financial institutions are under scrutiny at present to establish whether they are fulfilling their responsibilities. There is also the possibility, in these days of pressure for greater employee and union involvement in companies, that if shareholders fail to exercise their proprietorial rights the vacuum will be filled by other pressure groups.

This pressure is adding to the institutions' awareness of their own interests in a market which they already dominate and where their presence is becoming increasingly oligopolistic. The institutions already own 65 per cent of all the shares of UK companies quoted on the stock market. By the year 2000 that percentage could rise to 84 per cent.

Already it is not possible for the larger institutions simply to back away and "vote with their feet" by selling out of companies whose management performance or style they dislike. These institutions are being forced to face up to the obligations of permanent ownership. Aside from the individual issues which may distract them over the next six months, they therefore intend to concentrate on convincing company Boards of the desirability and role of non-executive directors.

There will be an increasing tendency for non-executive directors to be nominated by institutions. In many eyes that would be at least half-way towards institutional involvement in management. This changing role may have been thrust upon the institutions but the Allied affair is additional evidence that the change is irreversible.

## Letters to the Editor

### Readjustment in world trade

From the Economic Adviser, Burge and Co.

Sir—It is not likely that the oil price rise of 1973 and competitive price rises of other energy sources subsequently in world markets would have created the immediate problems of readjustment in world trade and output which we see today, irrespective of whether exchange rates are fixed or floating.

But the point your correspondent, Mr. Dixon-Fyle and Mr. Glyn, seem to overlook (August 20) is that the Organisation of Petroleum Exporting Countries' members are continuing to underspend their accumulated surpluses. The effect is to weaken world demand and therefore employment and output on the one hand, and to state monetary assets and currency reserves on the other hand.

Particular Governments, in my view, are endeavouring to solve unemployment problems by raising budget deficits without paying due regard to arranging the balance of payments. The result is a classic example of the consequence of that currency markets, forcing higher interest rates, engineer an outflow of money market funds whenever budget borrowing measures are resorted to. In the long run, therefore, are becoming much more volatile.

The movements of international funds are much more volatile as the direct result of market intervention about by manipulating OPEC surpluses.

It seems to me that very considerable improvements in exchange rate stability could occur if more Governments negotiated in advance the funds they require for their foreign exchange reserves for budget deficit or for trade deficit purposes. The Euro-currency markets already provide excellent facilities in this regard.

One advantage of the floating rate system over fixed rates is that it does focus the mind when trade or monetary policy measures are out of step with world needs.

A. C. Horsfield.

21, Worsley Street, EC2.

### Enoch Powell for No. 11

From the Conservative Prospective Parliamentary Candidate for Walthamstow.

Sir—Samuel Brittan said "it ain't" (his call August 23) for Enoch Powell as the next Tory Chancellor is the best piece of news since Sir Keith Joseph went to speak at Preston.

The strongest case for Enoch Powell's translation to No. 11 is that he is right—and has been proved right. Not even his supporters will believe him when he says he will stop inflation. It is that he can carry with him millions of voters, and especially Labour voters, on whose support any radical change in economic policy depends.

Stephen Evans.

Larkfield Road, Inham Park, E.

### Future iron Chancellor?

From the Chairman, The Chelsea Group of Young Conservatives.

Sir—Lombard (August 23) puts forward an exciting proposal but one unlikely to find much support in the Conservative Party if only because there are too many MPs. Party officials are Party members who will never forgive Mr. Powell's call to vote Labour.

### A wasting asset

From the Earl of Shannon.

Sir—I was very interested to see the letter from the chairman of the Inland Waterways Association and others (August 9). Government is continually impressing upon us that they are concerned with "priorities" insofar as public expenditure is concerned. Unfortunately, at present for all political parties the immediate priority is to induce the gullible to vote for the plausible and this even transcends the usual pouring of public money down the emotionally satisfying but economically unrewarding drains, unless it also assists in achieving the immediate priority.

I would not dream of claiming that a return to the waterways would solve the nation's traffic and transport problems but they can help in this respect and as an amenity must be unique. They are already attracting much needed foreign visitors and currency to this country in spite of their neglected condition.

Investment in and reinforcing success has always been a good maxim and should be applied here; indulging in deliberate and intensive neglect of a profitable asset is neither creditable nor sensible.

House of Lords, Westminster.

### An amazing discovery

From Mr. R. Musgrave.

Sir—The Department of the Environment ought to be congratulated on its amazing discovery, namely, that private landlords tend not to be happy with the rent they get, whereas private tenants tend to be happy with the rent they pay. This is a discovery of the first order.

No doubt it will soon be followed by many more and less important discoveries, such as the fact that landlords have two of each, though one cannot be sure about things like this until the Department of the Environment has conducted a survey of the subject, what else is to be expected?

R. S. Musgrave.

24, Garden Avenue, Framlingham, Suffolk.

### Women at work

From Anne King.

Sir—It is too easy to blame the very small numbers of women in management on some facile generalisation about women's supposed inability to think globally or whatever rather than to seek the causes.

The reasons for the paucity of women managers are obvious and well rehearsed. At the time when women were to be developing their careers towards management, many are producing children for married women, their own careers are considered secondary to those of their husbands, and in many cases a woman has

### The PR man's role

From Mr. J. Mattison.

Sir—One of the key reasons for the relative failure of Britain's businessmen to speak up on the broadcasting media is their reluctance to discard the premises that "suitable applicants" would have had a continuous career in industry or commerce.

Many of us who would love to go back to work and offer our skills while appreciating far greater flexibility for the part of employers, especially with regard to accepting that experience outside industry and commerce can be equally valuable for managerial appointments and that there is more than one way to be a good manager.

Anne King.

Yew Tree Cottage, Cotteridge, Gloucestershire.

### Job laws and small firms

From the Chairman, The Association of Independent Businesses.

Sir—I refer to your article "Job laws no problem for small businesses" of August 18. Having read the survey, I find it impossible to imagine how your correspondent reached the conclusion summarised in the headline.

No fewer than 24 per cent of those surveyed said they had been affected by the legislation on unfair dismissal and 26 per cent said that it had discouraged them from taking on more employees.

As politicians are now virtually unanimous that it is the smaller firm sector alone which can create a substantial number of productive new jobs, surely legislation which discourages 26 per cent of smaller firms from taking on more employees needs critical examination.

Since the legislation was introduced we have maintained our effect on job creation. The Government's own survey has now confirmed that view.

### Investment appeal

From Mr. S. Knott.

Sir—Wood Mackenzie by its own admission has in the past done little research work in medium-sized and small companies. I think it is therefore fair to challenge its submission that these companies are losing their investment appeal.

Medium sized and small companies are likely to outperform their larger brethren for the following reasons. The management usually have a significant stake in the company which ensures motivation. They are more likely to be in growth areas which allows a larger return on capital. They are less likely to have union problems. They suffer less interference from Government, the Price Commission and other quangos.

If the asset value and earnings power of a medium sized company are inadequately reflected in market values, there is a substantial chance of a takeover. The prospects of a large company being taken over are small. S. H. J. A. Knott (Senior Research Partner), Greene and Co., Finsbury House, 22, Blomfield Street, EC2.

### Low toxicity herbicide

From the Product Development Manager, Agricultural Division, Monsanto.

Sir—I read with interest the article entitled "Bringing out the killer instincts" published on August 18. This article included a number of features about the use and properties of our herbicide Roundup. Unfortunately, there was one embarrassing mis-

take. It said that "Roundup is no more of a friend to pets than it is to man. While it is still drying for an hour or so it would poison any cat in your orchard, but a killer to clear banks" etc. etc.

One of the major features about Roundup is its extremely low mammalian toxicity which is an acute oral LD<sub>50</sub> of 4,800 mg/kg and an acute dermal LD<sub>50</sub> of 7,940 mg/kg. This level of toxicity makes it one of the safest herbicides on the market and we have had no incidents of any human, domestic animal or farm animal being in the slightest bit affected by ingesting Roundup.

Michael G. O'Keefe, Agricultural Division, Thomas Tower, Burleigh Wap, Leicester.

## Today's Events

Union officials meeting motor industry component suppliers to discuss proposed Peugeot-Citroen takeover of Chrysler's European operations.

French air controllers resume work-to-rule.

Geneva-based Independent Commission on International Development Issues begins four-day discussions in New York on ways of narrowing gap between rich and poor countries.

United Nations Conference on Law of the Sea continues in New York.

The Conclave of the Sacred College of Cardinals assemble in Rome to elect a successor to Pope

Paul VI.

**COMPANY RESULTS**  
Final dividends: F. Austin (Leiston), Second Alliance Trust, Interim figures: Gibbs and Dandy, G. F. Lovell.

**COMPANY MEETINGS**  
Knott Mill, Queensway, Rochdale, Lancashire, 12. Lennons, Abbots Well Hotel, Chester, 12. Scottish and Universal Investment, 7, West George Street, Glasgow, 12. R. W. Toothill, Durham, 12. W. Darlington, Durham, 12.

**SPORT**  
Cricket: Third Test, England v. New Zealand, Lord's, Scotland v. Yorkshire, Glasgow, Golf: Carrolls

Irish Open, Portmarnock, British Boys' Championship, Seaton Carew, Show Jumping: Hickstead Derby meeting, Bowes, English Men's Championships, Worthing, Yachting: Half Ton Cup, Poole, Racing: Goodwood and Newmarket.

**LUNCHESTIME PERFORMANCES**  
Players from Covent Garden Community Theatre in open-air courtyard of W. E. Smith's building, New Fetter Lane, EC4, 1 pm.

Band concert—Malcolm Burnock, Tower Place, noon-2 pm.

Organ recital—C. Daly Adkins, St. Stephen Walbrook, 12.30 pm.

Organ recital—David Bruce-Payne, St. Martin-in-the-Fields, 1.15 pm.

**EXHIBITIONS**  
Howard Gallery exhibition of work by 28 contemporary British artists, South Bank, SE1 (until October 8).

Historical development of heraldry in Britain from its 12th century origins, British Museum, WC1 (until August 27).

Henry Moore drawings, Tate Gallery, Millbank, SW1 (until August 29).

George Romney drawings, Kenwood House, Hampstead Lane, NW3 (until September 3).

# IC Industries sets new income record as sales top \$1 billion in first six months.

CONSOLIDATED STATEMENT OF INCOME						
for the quarter and six months ended June 30, 1978, compared with the same period for 1977.						
(Dollars in thousands except per common share amounts)	Quarter ended June 30,			Six months ended June 30,		
	1978	1977	% Change	1978	1977	% Change
Sales and Revenues	\$564,909	\$492,940	14.6	\$1,052,419	\$920,840	14.3
Income before Taxes	45,873	37,876	21.1	62,801	61,409	2.3
Taxes on Income	16,679	13,784	21.0	23,534	22,785	3.3
Net Income	29,194	24,092	21.2	39,267	38,624	1.7
Net Income per Common Share	\$1.62	\$1.38	17.4	\$2.03	\$2.15	(5.6)

In the first six months of 1978, IC Industries sales and revenues were a record \$1,052.4 million. This 14.3 per cent increase over the first half of last year marks the first six-month period in IC Industries' 13 year history to surpass \$1 billion in sales.

### Record second-quarter net income up 21 percent.

Net income for the second quarter was a record \$29.2 million. It was a 21.2 percent increase over last year's second quarter and was the highest net income for the company in any three-month period.

### All five operating groups ahead of last year's performance.

Pre-tax income for the second quarter was up 21.1 percent over last year, with each of the five operating groups posting increases.

The Consumer Products Group achieved a new second quarter pre-tax income record of \$15.2 million, a 15 percent increase over the comparable period of last year. Commercial Products

also posted a record, contributing \$19.4 million as compared to \$18.6 million for the same period in 1977.

The Real Estate and Financial Services Groups were also ahead of last year. Real Estate reported \$2.1 million in pre-tax income, up from \$1.2 million in 1977. Financial Services contributed \$2.9 million in surpassing last year's second quarter.

The Transportation Group had pre-tax income of \$10.1 million, a 59.2 percent increase over the same three-month period last year. In fact, it was the best quarterly earnings for the Group since the Illinois Central Gulf Railroad was created in August of 1972 through the merger of Illinois Central and Gulf, Mobile and Ohio railroads.

### Consumer Products second-quarter sales up 23 percent.

The IC Industries Consumer Products Group, composed of Midas-International and three soft drink companies, had record second quarter sales of \$152 million, up 23.4 percent over 1977.

Midas opened an additional 51

service shops in the second quarter, bringing the worldwide total to 1,053. And sales of the diversified line of 110s commercial and recreational vehicles reached new levels.

### What's new at IC Industries?

IC Industries is proceeding with its offer to purchase controlling interest in Per Incorporated. Per Incorporated is a processor, manufacturer, marketer and distributor of food products and store equipment, with annual sales in excess of \$1 billion.

The acquisition of Per will increase IC Industries consumer products business three-fold and increase the company's total sales to an annualized rate of over \$3 billion.

If you'd like to know more about our growing international multi-business corporation, write: IC Industries, Inc.

European Office: 55, Chemin Moiré Dubouche, CH - 1209, Geneva, Switzerland.

## IC Industries

Disaffiliated in five business groups: Commercial Products, Consumer Products, Real Estate, Financial Services and Transportation.



# COMPANY NEWS + COMMENT

## House of Fraser tops £8m at six months

PROFITS BEFORE tax of the House of Fraser increased from £4.63m to £8.32m in the 13 weeks ended July 29, 1978, taking the total for the first 26 weeks of the current year from £5.7m to £8.32m.

Turnover, excluding VAT, for the 13 weeks increased from £115.97m to £137.71m raising the first-half total from £209.56m to £239.32m. For the previous year, pre-tax profits totalled £38.2m on turnover of £482.95m.

The balance attributable to ordinary holders was £5.6m (£2.66m) for 26 weeks giving earnings per share of 3.27p against 2.19p. For the 13 weeks, the figures were £3.32m (£2.22m) and 2.72p (£1.83p) respectively.

The interim dividend is being raised from 1.8854p to 1.8855p—the previous year's total was 4.7664p.

The figures for the 26 weeks do not include David Evans and Co. (Swansea) and Highland Tourist (Cairnmore Development) which were acquired on July 7 and July 10. Also, no provision has been made for the profit-linked share plan for employees as the first allocation dependent on the current year's results.

	1977	1978
Turnover	115.97	137.71
VAT	20.42	22.42
Making	136.39	160.13
Depreciation	1.88	1.87
Interest paid	0.50	0.50
Depreciation of investments	0.00	0.00
Profit before tax	3.32	3.32
Tax	0.43	0.43
Net profit	2.89	2.89
Preference dividends	1.6	1.6
Attributable ordinary	1.29	1.29
Dividend	1.8854	1.8855

See Lex

### HIGHLIGHTS

Second-quarter profits at House of Fraser are 50 per cent higher with the provincial stores, which account for two-thirds of sales, making all the running in contrast to last year when Harrods and the London stores flourished on the back of the Arab-led tourist invasion. A disappointing performance overseas has dragged down Blue Circle's first-half profits with the group showing a small decline at the pre-tax level despite a modest improvement from the UK operations. With a 15 per cent increase in the interim dividend Sedgwick Forbes intends to use the new flexible dividend rules. Elsewhere, Newarthill has turned in a first-half shortfall of 41 per cent.

## Fife Forge manages small rise

INCLUDING acquisitions, first half 1978 turnover of Fife Forge Company, expanded by £1.74m to £3.55m, but profit from trading operations was only £27.71 higher at £223.165, and after exceptional debits, the increase at the pre-tax stage is cut to £3.751.

At the back end of 1977 Fife acquired T. S. Foster and Sons for £200,000 but Foster's profit for the ten months to end 1977 fell short of its forecast and the consideration was cut to £358,000. In March this year, Fife purchased the minority in V. L. Byers. In the last annual report, shareholders were told that by diversification the company had moved away from total dependence on the marine market. However, shipping and shipbuilding were still the principal outlets and the recession would continue to pose difficulties during the current year.

The interim dividend for 1978 is being raised from 0.75p to 0.8p net per 25p share; the previous year was 2.23p paid from profits of £386,000.

## J. Stocks falls in second half

A SECOND-HALF fall from £300,500 to £204,937 at Joseph Stocks and Sons (Holdings) left pre-tax profits for the year to March 31, 1978, behind at £583,582 against £588,376 last time. Turnover for the full period, was up by £5.74m to £49.8m.

However, a lower tax charge of £263,821 (£223,359) resulted in net profits up at £297,741 compared

with £244,987 giving earnings of 33.01p (£27.23p) per 25p share. The dividend is increased to 4.32p (£3.86p) with a final payment of 3.32p net.

Stocks is a wholesale provision merchant, importer and distributor.

## Scottish Inv. shows advance

GROSS INVESTMENT income of Scottish Investment Trust expanded from £2.45m to £2.96m for the nine months to July 31, 1978, split as to, franked £2.71m against £2.45m and unfranked £1.59m compared with £1.32m.

Gross interest charge was £280,000 (£280,000) and expenses came to £225,000 (£185,000).

At July 31, compared with October 31, 1977, total assets at market valuation amounted to £131,672,000 (£113,474,000) including, where applicable, the full investment currency premium of 48 per cent (36 per cent) amounting to £15,409,000 (£11,072,000).

Net asset value per 25p share, after deducting prior charges at June, was 138.0p (£23.1p).

Since October 31, 1977, the company has completed dollar financing agreements on a reciprocal basis amounting to US\$13.5m, the sterling counterpart of which are included in total assets. In addition at July 31, 1978, there were short-term investments of £2.73m (£8.5m at October 31, 1977).

## Sedgwick Forbes optimistic

THE DIRECTORS of Sedgwick Forbes, insurance broker and underwriting agent, have not yet seen any signs of the hoped for turnaround in economic conditions in any of the major areas of the world from which the company derives its business, says Mr. P. F. Wright, chairman, in his interim statement.

Nevertheless, he adds, they have no reason to believe that results for 1978 will be other than satisfactory, in the light of current conditions.

The interim dividend is increased from 3.5p to 4p net per share and the directors propose a final payment, taking advantage of the flexibility permitted under the current dividend control regulations—last year's final was 6.00p from record profits from £23.19m.

See Lex

	Current payment	Date of payment	Current dividend	Total for year	Total last year
Aeronautical	3.55	Oct. 7	2.29	2.55	2.29
Allied Insulators	1.63	Oct. 7	1.5	1.5	1.5
Blue Circle	3.22	Oct. 16	2.59	2.59	2.59
Fife Forge	4.32	Oct. 2	3.86	3.86	3.86
House of Fraser	1.59	Dec. 5	1.49	1.49	1.49
Lec Refrigeration	1.05	Oct. 14	0.96	0.96	0.96
Orme Developments	1.5	Sept. 20	1.5	1.5	1.5
Rights & Issues Inv.	1	Oct. 9	—	—	—
Sedgwick Forbes	4	Oct. 13	3.5	3.5	3.5
Smith Wallis	2.73	Oct. 17	2.56	2.56	2.56
Stocks	4.32	Sept. 29	3.86	3.86	3.86
Sunbeam Wolsey	0.96	Oct. 5	0.84	0.84	0.84
Thames Plywood	1.23	Oct. 13	1.13	1.13	1.13

Dividends shown pence per share net except where otherwise stated.

\* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

## Aero and defence orders boom for Dowty Group

AEROSPACE AND defence orders on hand at Dowty Group at March 31, 1978, were 54 per cent above those at the beginning of the year in a record order book. This, the value of forward programmes now exceed £300m, which in itself provides a high degree of confidence for the achievement of a substantial volume of business for some years to come, says Mr. Robert Hunt, the chairman.

In the military field the group is increasing the rate of output for the Tornado aircraft which is potentially the largest military aircraft programme with which it has been associated for the past year in a record order book. It has also been successful in obtaining orders from the Middle East for various types of equipment and the directors confidently expect further export orders to be obtained for equipment on both the Harrier and Jaguar aircraft for which the company is major supplier.

On the civil side it continues to supply equipment for the Boeing 727, 737 and 747 aircraft, all of which are selling well. In addition, the Airbus (Airbus), B.E. 748, Lockheed TriStar, Fokker F27 and F23 aircraft remain in production, thus providing the group with a valuable source of original equipment and product support business.

The first set of landing gear for the Canadian Challenger aircraft was delivered on schedule and this programme, together with other new aircraft projects which are likely to be announced during the current year, should add eventually to the group's present high volume of business.

A number of new products are currently under development which the directors believe have excellent potential. Mr. Hunt adds, "The current year should add eventually to the group's present high volume of business."

Following the success of the semi-conductor Dowty Rotol in April this year it will be some time before rebuilding is completed, but the management is confident there will be no material effect on the current year's trading. However, full recovery may not be evident until the second half.

The revitalisation of the coal industry has given further impetus to the development and introduction of advanced technology in mining, particularly in the extraction of coal at the face and its transportation underground. Dowty's mining machinery companies have established a technological lead in the design and development of shield type supports and electro-hydraulic control systems, together with a new range of robust armoured face conveyors, and a whole new range of its high technology equipment is being installed in increasing numbers by the National Coal Board.

Ultra Electronics Group, acquired at the beginning of 1978, has a turnover of £33,130.

Reduced grain production arising from seasonal conditions resulted in a loss on rural operations. Investment income at A\$12.08m was A\$300,000 down on the previous year when there was a loss of £100,000 on a dividend. North Broken Hill shares were 128p yesterday.

For the whole of 1977 profits advanced from £457,921 to £915,293.

The net interim dividend payment is increased to 0.9625p (£0.8625p). The company manufactures hosiery and knitwear and is based in Cork, Eire.

Although turnover was better at £142m compared with £136m, pre-tax profits of T. F. and J. H. Braime (Holdings), deep drawn press vessels, declined from £191,711 to £136,321 for the first half of 1978.

The interim dividend is maintained at 1.5p net per 25p share. For the whole of 1977, payments totalled £3,275p from record tax-able profits of £231,039.

Of 8 cents.

The value of mine production rose to A\$43.39m from A\$42.35m thanks to increased sales and prices for lead and silver, but mine expenditure also rose in line with higher labour costs and increased interest charges.

## Upsurge at Smith Wallis

FOLLOWING HIGHER midway profits of £188,659 against £62,655, Smith Wallis and Co. finished the March 31, 1978, year with a jump from £105,909 to £241,279 pre-tax. Turnover rose 20.33m to £2,088m. After tax £179,738 (£55,597), net profits improved from £5,602 to £161,320. Earnings per 35p share surged to 16.2p (£5.1p), while a second interim of 2.41p in lieu of a final, makes the total payout 3.41p (£0.94p) net.

The group manufactures brass, zinc and aluminium fittings.

## Rights and Issues first half increase

First-half 1978 gross revenue of Rights and Issues rose from £29,844 to £36,160 and after interest and expenses, pre-tax revenue came out ahead at £37,046 against £30,968.

The Trust has joined the interim dividend list with a 10p net per 25p income share payment—last year's single payout was 2.23p from profits of £130,064. Tax for the half year took £19,534 (£18,881) leaving revenue at £37,482 compared with £33,130.

## Sunbeam Wolsey ahead

FIRST HALF 1978 turnover of Sunbeam Wolsey expanded from £9.89m to £11.12m and taxable profits were ahead at £415,000, against £368,000. The directors say that present indications are that second half profits should show a similar trend.

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## Graig warning on further disposals

It may be necessary for the assurance I could get was that Graig Shipping Company to sell its vessels in due scheme before the Japanese Ship-builders' Association. Since then course to meet its cash commitments, Mr. D. I. Williams, the chairman, says in his annual report.

This follows the recent sale of MV Graigaur. Provision has been made for the loss on that sale of £20,902 after related tax.

The chairman says it was necessary to sell the vessel to improve liquidity and the group can now meet its financial commitments to the middle of next year.

Mr. Williams says it is regrettable that UK owners are being forced to sell vessels at knock-down prices to foreign owners, in order to service their loan commitments on the rest of their fleet. These vessels will inevitably be out of their country to come," he says.

With the possibility of obtaining a moratorium on two new vessels, MV Graigwen and MV Graigwyd, the chairman went to Japan in March to put a scheme to Exim Bank for consideration.

"I regret to say I was not even allowed the courtesy of an interview with Exim Bank and the only

assurance I could get was that the Japanese Ship-builders' Association. Since then course to meet its cash commitments, Mr. D. I. Williams, the chairman, says in his annual report.

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## Newarthill declines to £4.65m at six months

AS EXPECTED, profits before tax of Newarthill at £4.65m for the six months to April 30, 1978, showed a reduction over last year's period.

When reporting an upsurge in profits from £3.24m to £11.33m for the 1976-77 year, the directors explained that in the construction sector, the partial recoupment of past losses, the settlement of claims on completed contracts and satisfactory profits on current contracts had combined to produce an exceptionally high result.

They now say that while the downward trend will probably apply to the full year results, the current level of business is nevertheless holding up quite well.

Sales for the six months were down £5.7m at £72.5m. After tax of £2.3m (£4.2m) and an extraordinary credit this time of £106,000, retained profits emerged lower at £2.2m against £3.2m.

The group does not pay interim dividends—last year's single payment was 4.84p net per 25p share. Principal activities of the group are construction, property and investment and aircraft chartering.

After last year's exceptionally high profits, it was obvious that Newarthill was not going to break any records this year.

An unusually large amount of work was completed last year, leaving the company to wrestle with the real problems of a depressed construction industry. However, the year's final was £688.7p.

the first half results—profits 41 per cent lower on a sales down turn of 7 per cent—were dropped by 7p to 150p. The big investment at Ardara in Scotland is proving a bit of a white elephant at the moment because of the fall off in demand for concrete oil platforms, and generally, the workload is light. On doubled first half earnings the prospective p/e is 4.1 while the yield is 4.6 per cent (maintained dividend).

## Lec nears £1m mark at halfway

FOR THE first six months of 1978, taxable profits of Lec Refrigeration advanced from £571,000, on turnover of £14.4m against £14.0m.

In the previous year, profits fell from a peak £1.77m to £1.64m, but in the last annual report, the directors said the company was well placed to retain its position and to take advantage of any upturn in demand.

Tax for the half-year took £320,000 (£345,000) and earnings improved from £250 to 7.89p per 25p share. The interim dividend is 1.0516p (£0.9640p) net—last year's final was £688.7p.

## UDT stockholders funds increase to £63m

The June 30, 1978 group balance sheet of United Dominions Trust shows that stockholders' funds have risen by £5.8m to £63.3m. Cash and short term funds are down from £21.9m to £14.6m, customers' and other account from £72.2m to £67.5m, and amounts receivable under customers outstanding commodity market contracts from £107m to £68m, less customers' current accounts for those dealing £22m (£27.0m).

On the liabilities side, subordinated loans and loan capital stood at £20m, against £39m, and deposit current and other accounts were £79m compared with £78m a year earlier.

	1977	1978
Use of funds	19.0	21.1
Quoted investments	19.0	21.1
Cash, short-term funds	21.9	14.6
Customers' other accounts	72.2	67.5
Commodity market	107.0	68.0
Assets on hire or loan	44.7	19.0
Trade investments	4.4	6.4
Properties	2.4	2.4
Goodwill	1.0	1.0
Taxation, etc.	4.9	2.4
Unquoted market dealings	12.1	27.0
Total	152.3	199.1

Source of Funds—

	1977	1978
Ordinary, pref. capital	31.7	31.7
Reserves	10.0	10.0
Stockholders' funds	41.7	41.7
Minority interests	1.0	1.0
Subordinated loans	39.0	20.0
Tax	4.9	2.4
Debtant's current account	12.1	27.0
Total	152.3	199.1

A territorial split of the funds employed shows (in per cent): UK

48 (50); Europe 13 (11); Australia and Hawaii 10 (11); North America 4 (3); and Africa 3 (14).

During the year the group sold UDC Bank in South Africa and re-organised its activities in Australia.

In the year ended June 30, 1978 the UDT group showed substantial progress on all fronts, with profits before tax increasing from £12.2m to £17m, as reported on August 17 in a full preliminary statement. The chairman, Mr. L. C. Malher, says he looks to the future with quiet confidence.

During the year £1.2m of the U.S. dollar capital bonds 1968 were purchased and cancelled; 90.5m were repaid in satisfaction of the third annual redemption instalment on December 1, 1977.

At June 30, £2.3m were held and not redeemed; of this, not less than £1m will be applied in satisfaction of the fourth instalment due on December 1 this year.

With reference to the group's U.S. dollar notes 1978-80, notes with an aggregate value of \$4m were repaid at par in satisfaction of the instalments of \$1m each due on March 1 in the years 1978 to 1981 inclusive.

A professional valuation of the group's major freehold and leasehold properties at March 31, 1978, gave rise to a surplus of £42m over book value, of which £20.8m is attributable to UK minorities.

On July 23, Eagle Star Group held 10.01 per cent of the UDT ordinary, 13 per cent of the second preference, and 7 per cent of the third preference. Prudential Assurance held 26.41 per cent of the ordinary, 6.32 per cent of the preference, and 6.32 per cent of the second preference. The 10 per cent fourth convertible preference stock (which carries restricted voting rights) is held as 16 per cent by Eagle Star and 84 per cent by the Pru.

Meetings, Baltic Exchange, St. Mary Axe, EC, September 20 at noon.

## Thames Plywood falls to £191,000

Further decline in taxable earnings in the second half from £197,403 to £120,271, at Thames Plywood Manufacturers left full year profit for the year to April 30, 1978, down to £191,571, against £271,003. Sales improved by £0.67m to £2.44m.

After tax of £38,248 (£133,104), however, earnings, taking advantage of the flexibility permitted under the current dividend control regulations—last year's final was 6.00p from record profits from £23.19m.

There was an extraordinary

## Blue Circle Industries Limited

### Interim Results to 30 June 1978

## Profits maintained despite slow start.

	Half Year to 30 June 1978 £m	Half Year to 30 June 1977 £m	Year to 31 December 1977 £m
<b>Turnover:</b>			
Parent Company - Home	110.0	92.7	196.9
- Export	25.7	21.0	47.4
Home Subsidiaries	19.8	16.4	34.6
Overseas Subsidiaries	43.3	47.2	91.9
	<u>198.8</u>	<u>177.3</u>	<u>370.8</u>
<b>Trading Profits:</b>			
Parent Company	10.6	9.2	30.4
Home Subsidiaries	0.7	0.7	1.7
Overseas Subsidiaries	2.6	3.9	9.5
	<u>13.9</u>	<u>13.8</u>	<u>31.6</u>
Share of Profits of Associates	9.0	9.5	18.8
Investment Income	1.7	2.2	4.2
	<u>24.6</u>	<u>25.5</u>	<u>54.6</u>
Finance Charges	3.3	3.2	6.7
<b>Profit before Taxation</b>	<u>21.3</u>	<u>22.3</u>	<u>47.9</u>
Taxation	10.8	11.9	23.2
<b>Profit after Taxation</b>	<u>10.5</u>	<u>10.4</u>	<u>24.7</u>
Interest of Minority Shareholders	0.8	1.3	2.9
<b>Group Share of Profits after Taxation</b>	<u>9.7</u>	<u>8.6</u>	<u>21.8</u>
<b>Earnings per £1 Ordinary Stock Unit</b>	<b>13.0p</b>	<b>10.6p</b>	<b>27.0p</b>



# Blue Circle reaches £21m in first six months

AS EXPECTED, profits before tax of Blue Circle Industries for the first half of 1978, at £21.3m, are very close to the £22.3m achieved in the same period last year. Turnover amounted to £196m compared with £177.2m.

In May, the directors said that since the end of the first quarter, deliveries had picked up and with price increases they were hoping for pre-tax profits at mid-year roughly similar to last year's figure.

Earnings per £1 share are shown at 12p against 10.5p and the net dividend is lifted from 2.85p to 3.22p—the total last year was 5.345p on record pre-tax profits of £20.6m.

On UK operations, the directors say although bad weather in the first three months of the year affected demand and some sales were lost in June as a result of industrial disputes, home deliveries of cement were maintained at 4.3m tonnes, the same level as in the first half of 1977.

The market is showing some improvement and the Board expects home deliveries for the full year to be slightly ahead of last year.

Export shipments in the first six months were 960,000 tonnes, an increase of 23 per cent on the first six months of 1977. Directors do not, however, expect that shipments will exceed this volume in the second half year.

Home cement prices were increased after investigation by the Price Commission. The Board had intended implementing these increases on March 1 but due to the investigation they were implemented, with minor modifications, in two parts on March 8 and June 1 and the net result in loss of revenue amounting to £2.8m.

## BOARD MEETINGS

The following companies have announced dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Dividend dates are not available for the subsidiaries of the companies listed below as these are not public companies.

**Interim—Alliance Trust Investment Trust of Overseas Mortgage Securities, First—Africa (Colonial), Second—Africa (Colonial), Third—Africa (Colonial), Fourth—Africa (Colonial), Fifth—Africa (Colonial), Sixth—Africa (Colonial), Seventh—Africa (Colonial), Eighth—Africa (Colonial), Ninth—Africa (Colonial), Tenth—Africa (Colonial).**

**Annual—British Overseas Airways Corporation, British Overseas Airways Corporation, British Overseas Airways Corporation, British Overseas Airways Corporation, British Overseas Airways Corporation, British Overseas Airways Corporation, British Overseas Airways Corporation, British Overseas Airways Corporation, British Overseas Airways Corporation, British Overseas Airways Corporation.**

Profitability of the group's non-core activities in the UK continues to be satisfactory. BCA became a wholly-owned subsidiary on April 21 on the acquisition of the minority shareholding.

Profits derived from overseas operations were slightly lower during the period principally due to production difficulties in Nigeria and a weak market in South Africa.

However, the new cement works at Silegha in Nigeria was commissioned in the second quarter of the year and there have been significant and long-term increases in price in Nigeria and in a number of other overseas territories. Profitability should therefore improve materially in the second half.

## Overseas profits represented 31 per cent of profit before tax for the half-year.

The group is continuing its policy of charging depreciation on the depreciated replacement cost of its assets in the parent company, its subsidiaries and principal associates.

The charge in respect of the parent company and its subsidiaries for the first six months was £18.5m (£13.1m). Had depreciation been based on historical costs, profits before and after taxation would have been increased by £10m.

The current cost net profit for the six months was £9.2m. The tax comprised corporation tax £3.9m (£1.7m), overseas tax £1.1m (£1.5m), and Government grants credit £0.6m (£0.7m).

In calculating the Corporation tax figure, the half-year capital allowances have been based on actual capital expenditure in the period. The tax charge for the full year will depend on the amount of capital expenditure during the remainder of the year.

Deferred taxation has only been provided in respect of certain overseas companies where there is a reasonable probability that such tax will become payable in the foreseeable future. The tax charge for the six months in June 1977, has been restated.

The group, formerly Associated Portland Cement Manufacturers, changed its name in June this year.

See Lex

## Allied Insulators first half setback

EXTERNAL SALES of Allied Insulators were ahead from £9.2m to £9.32m but pre-tax profits for the first half of 1978 fell from £81,000 to £86,500. Profit for 1977 was, slightly off the previous year's peak at £1.45m.

Mr. Alan Lloyd, chairman, says that taking account of increasing foreign competition, primarily as a result of the stronger pound and particularly affecting the High Tension, Bullers Engineering, and Low Tension divisions, the marginal increase in trading surplus, from £827,000 to £842,000, represents "a not inconsiderable achievement."

Following the increase in volume of production and sales came a pressure on trading margins, he says, resulting in higher average charges of £2,000 against £32,000 for the increased provision of working capital.

The second half opened with books at a discount over the same time last year, Mr. Lloyd adds, and an increase in profits, compared with the first half, have been budgeted for. This includes the monthly average of Blakely's (Malleable Castings), acquired during the period for £1.5m and 751,513 shares.

The interim dividend is stepped up to 1.56p (1.5p) net per share—last year's final payment was 2.825p.

Although A.M.E. at Gateshead was the only business to trade at a loss, results at both the Low Tension Products factory at Longdon and the Unilator Technical Ceramics division at Ruxton were below expectations.

## RFD Group makes an encouraging start

THE NEW year has started with a strong order book at RFD Group and has given an encouraging start, Mr. D. R. B. Mynors, the chairman, says in his annual report.

However, uncertainties in the world economic outlook and the narrowing of margins in several markets make it difficult at present to estimate what the profit is likely to be for the year, says Mr. Mynors.

For the year ended March 31, 1978, profits before tax rose from £3.16m to £4.45m on turnover of £18.70m (£15.97m). On a CCA basis, profit was reduced to £2.13m after additional depreciation of £171,000 and adjustments for cost of sales, £167,000 and gearing, £11,000.

The balance sheet shows a significant drop in liquidity due mainly to the financing of increased working capital expenditure on acquisitions and reconstruction of the Godalming site together with further tax payments. Nevertheless, the group is still in a strong financial position, the chairman says.

Some slowing down in the growth of profits was to be expected as a result of a reduced rate of inflation, leading to lower profits on stocks, and the steady rise in the value of sterling which adversely affected the results of overseas trading. There was also an adverse result in Holland, resulting in a downturn of over £200,000 compared with last year, and disruption from renovations at the Godalming factory which

adversely affected results from operations based there.

The renovation of the Godalming factory had been proceeding throughout the year and is by no means completed while the directors have also decided in principle to embark on a further round of re-equipment at the Perseverance Mill. The first step will be the installation of a number of high-speed vats at let looms at over £500,000; this should be completed during the present financial year.

In the U.S., directors purchased a 35 per cent interest in the infatigable raft business built up by the Patten family which has now been renamed RFD-Patten, Inc., located in Florida. Since the end of the financial year the Board purchased the Security Parachute Company near Oakland, California (now renamed GQ-Parachute, Inc.).

None of these acquisitions is large in itself, says the chairman, but next year they should make a useful contribution to group profits, progressively increasing thereafter.

Meeting, Winchester House, E.C., September 15 at noon.

## Aeronautical rises to peak £0.32m

ON TURNOVER little changed at £5.57m against £5.56m, pre-tax profits of Aeronautical and General Instruments increased from £279,280 to a record £320,834 for the year to March 31, 1978.

At the interim stage the directors reported profits ahead at £145,347 (£133,257) and said that the steady improvement in the company's affairs was continuing and they expected full year's results to show an increase.

They now say they believe that over the foreseeable future the company should be able to realise a steady growth pattern.

Net profit came out at £146,196 (£133,169) after tax of £174,625 (£144,160) giving earnings of 8.54p (8.15p) per 25p share. The dividend is lifted to 2.5381815p (£2.564375p) net.

## Letraset sees continued growth

THE STABILITY and strength of the worldwide market position of Letraset International provides the directors with the confidence that the group can anticipate continuing growth in the 1978/79 year, Mr. W. Fieldhouse, executive chairman, says.

Letraset has entered a new phase of development, he says, following the acquisition of J. and L. Randall in May 1978. "The company now has a substantially enlarged equity base, which provides a combination of financial security and flexibility to support the long term growth of the group."

As reported on August 10, in line with a forecast of "in excess of 17m" pre-tax profits for the year to April 30, rose by 12 per cent from £6.64m to a record £7.41m. Sales advanced 17 per cent to £23.57m and the dividend is stepped up, with Treasury permission, to 3.5649p (£3.58881p).

## BANK RETURN

LIABILITIES	£	£
Loans	1,250,000	1,250,000
Public deposits	1,250,000	1,250,000
Overdrafts	1,250,000	1,250,000
Other	1,250,000	1,250,000
<b>Total</b>	<b>5,000,000</b>	<b>5,000,000</b>
ASSETS	£	£
Govt. securities	1,250,000	1,250,000
Other	1,250,000	1,250,000
<b>Total</b>	<b>5,000,000</b>	<b>5,000,000</b>

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## Victor

### Victor Products (Wallsend) Ltd.

#### Annual Statement

Years ended 30th April	1978	1977
Turnover	£629,000	£539,000
Pre-tax profit	1,212,335	849,577
After tax profit	1,044,748	677,141
Dividends		
Interim paid	50,843	45,533
Final proposed	78,385	70,193
Earnings per share	27.85p	17.71p

An interim dividend of 1.33p per share was paid on 10th April 1978. The proposed final dividend of 2.05p per share will be paid on 9th October 1978. With tax credit the dividend for the year is equivalent to 20.18% gross and is the maximum allowed under the Corporation Tax Act 1973. (18.34% gross last year).

The foregoing results reflect a change in the accounting policy for deferred taxation, the group having adopted proposals outlined in the exposure draft "Accounting for Deferred Taxation (ED19)", whereby deferred taxation is provided only where a liability will arise in the foreseeable future.

The Annual General Meeting will be held on the 4th October 1978. Copies of the Annual Report and Accounts may be obtained from the Secretary at P.O. Box, Wallsend, Tyne & Wear NE26 6PP, from 8th September 1978.

## PRIMROSE INDUSTRIAL HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)  
Directors: A. R. Kemp\* (Executive Chairman), D. J. Gervier (Deputy Chairman and Managing Director), D. M. E. Bruggemann, I. D. Brittan, A. D. Hankinson, D. H. Mitchell, J. B. Robertson, G. J. J. F. Steyn.  
Alterates: W. F. Hamilton, D. McKenna, G. Perlman

### Statement to Shareholders

1. Preliminary Profit Announcement for the year ended 30 June 1978  
The Directors have pleasure in reporting the estimated results for the year ended 30 June, 1978.

	1978	1977
Group and associates turnover	R'000 30,857	R'000 32,215
Profit before taxation, excluding extraordinary items	1,116	2,095
Normal and deferred taxation	99	531
Profit after taxation	1,017	1,564
Extraordinary items	309	235
Net income for the year	1,326	1,338
Earnings per share excluding extraordinary items (cents)	9.1	14.5
Earnings per share excluding extraordinary items (pence)	5.4	9.1
Dividends (cents)	5.5	10.5
Dividends (pence)	3.3	6.3
Interim paid (cents)	3.5	5.0
Final declared (cents)	2.0	2.5
Dividends paid and declared (R'000)	692	1,127
Dividend cover before extraordinary items	1.7	1.4

Earnings include the Group's attributable interest in the net earnings of associated companies.

There was in the year under review, a slight worsening in the market for our products, resulting in a reduced rate of inflation, leading to lower profits on stocks, and the steady rise in the value of sterling which adversely affected the results of overseas trading. There was also an adverse result in Holland, resulting in a downturn of over £200,000 compared with last year, and disruption from renovations at the Godalming factory which

2. PROPOSED MERGER  
Negotiations have been concluded with the Tongaat Group Limited ("Tongaat") which, if approved by Primrose shareholders at a General Meeting to be called for that purpose, will result in a merger of Tongaat's wholly-owned subsidiary, Coromandel Industries Limited ("Coromandel"), with Primrose.

Such a merger would be implemented by the issue of 10,308,524 Primrose shares to Tongaat in exchange for the latter's shareholding in Coromandel which will result in an increase in Primrose's issued shares from 11,167,583 to 21,476,107.

It is anticipated that benefits of the proposed merger will accrue to shareholders through future rationalisation, although the merger would not immediately have a material effect on either the earnings per share or the net asset value per share of Primrose.

A circular containing details regarding the proposed merger is at present being drafted and will be posted to Primrose shareholders in due course.

3. DECLARATION OF FINAL DIVIDEND  
NOTICE IS HEREBY GIVEN that a Final Ordinary Dividend No. 45 of 2 cents per share has been declared payable to members registered in the books of the company at the close of business on 6 October 1978. Dividend warrants will be issued from the Johannesburg and United Kingdom offices of the transfer secretaries on or about 20 October 1978. Registered members paid from the United Kingdom will receive their dividends (less appropriate taxes). Any such member may, however, elect to be paid in South African currency, provided that the request is received at the offices of the company's transfer secretaries in Johannesburg or in the United Kingdom on or before 18 October 1978.

Where applicable, non-resident shareholders' tax of 15 per cent will be deducted from dividend payments. This dividend, together with the interim dividend of 3.5 cents per share paid on 7 April 1978, represents a total distribution for the year of 8.5 cents per share.

By Order of the Board  
A. R. KEMP, Executive Chairman  
D. J. GEVISSER, Managing Director  
Johannesburg  
23 August 1978

Transfer Secretaries:  
Central Registrars Limited  
26 Harrison Street  
Johannesburg 2001  
P.O. Box 61042, Marshalltown 2107  
U.K. Transfer Office:  
c/o Oakfield Registrars Ltd.  
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# Nord Lux '78



## Our business development 1977/78

1978	March 31st	1977
DM 3.102 Mio	Balance sheet total	DM 2.262 Mio
DM 1.228 Mio	Loans	DM 955 Mio
DM 1.207 Mio	Due from banks	DM 895 Mio
DM 585 Mio	Bonds	DM 373 Mio
DM 2.943 Mio	Deposits	DM 2.135 Mio
DM 105 Mio	Capital Funds	DM 72 Mio
10 %	Dividend payment	10 %

## Norddeutsche Landesbank INTERNATIONAL Société Anonyme

Luxembourg

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47 08 01-07 (Arbitrage)  
2 92 41-44 (Bonds)

TELEX:  
2 263 nord lb (Arbitrage)  
2 989 nord lb (cred. Dep.)

Commercial Register lux. B 10405

## MINING NEWS

# Comalco living in less prosperous year

BY KENNETH MARSTON, MINING EDITOR

AFTER THE strong performance achieved in 1977, lower earnings for the half-year to June 30 are reported by the Rio Tinto-Zinc group's Australian aluminium arm, Comalco. After provision for an unrealised exchange loss of A\$2m on the future repayment of long-term loans, Comalco's net profit to 30 June 1978 amounts to A\$18.32m (£9.7m) compared with A\$18.3m a year ago.

The interim is being reduced to 4.5 cents—it does not apply to the shares arising from this year's rights issue which rank only for the final dividend from 5 cents last year when the final payment was 7.5 cents.

Bauxite shipments were 13.3 per cent down on the same period of last year because of a reduced availability of ore carriers while sales were affected by the high levels of stocks already held by Comalco's customers. The oversupply situation is expected to continue for the rest of this year.

Comalco's ownership of the Queensland Alumina plant has been increased to 30.3 per cent and as a result the company's sales of alumina processed by the plant will be substantially greater this year. Because of economic uncertainties and Australia's industrial unrest Comalco gives no profit forecast for the year, but still expects that the total will fall short of that for 1977.

## Buying into Lornex mine

Pointing out that it is often cheaper to purchase interests in established mining operations these days than to develop new properties, Dr. N. B. Keen, president of Canada's Teck Corporation, has said that the situation needs to be reversed. Development of new mines and the creation of jobs needs encouragement, he said, and he called for governments to adopt policies

which would reduce the cost of financing new capital projects. He was commenting on the shares of Teck, which will make for the half-year to June 30 are reported by the Rio Tinto-Zinc group's Australian aluminium arm, Comalco. After provision for an unrealised exchange loss of A\$2m on the future repayment of long-term loans, Comalco's net profit to 30 June 1978 amounts to A\$18.32m (£9.7m) compared with A\$18.3m a year ago.

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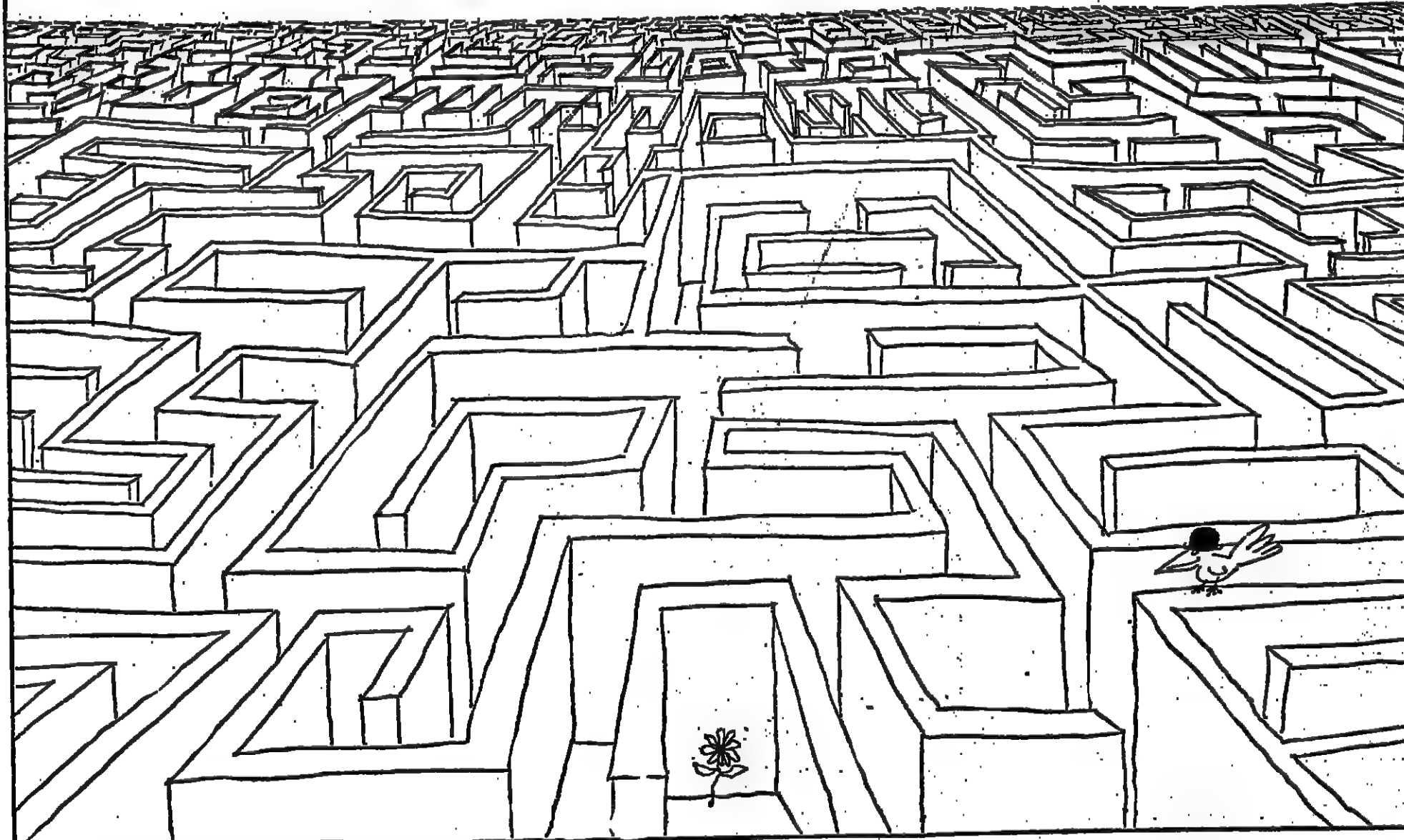
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Sir Patrick Crofton, Bart; D. O'Brien, FCA; W. Milroy;  
J. V. Molloy, DSO, DFC.

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called non-recourse financing which means you can get paid more quickly. And it's easier for both you and your partners in Eastern Europe. Even before you start the deal we can start helping you. We've had a lot of experience in Eastern Europe, so we can help you find out, whether you really want that deal. It will make all the difference to the outcome. Come and talk to us. It could be the start of something big.



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## House of Fraser

Interim Statement for the 26 weeks to  
29th July, 1978

The unaudited results of the operations of the Group for the 26 weeks to 29th July 1978 excluding Associated Companies and Exceptional Items, are set out below with the comparative figures for the 26 weeks to 30th July 1977 and the audited figures for the 52 weeks to 28th January 1978.

	26 Weeks 29 July 1978	26 Weeks 30 July 1977	52 Weeks 28 Jan. 1978
Total Turnover	256,443	234,041	531,892
Less: Value Added Tax	17,123	14,459	38,742
Turnover (excl. VAT)	239,321	209,582	493,150
Trading Profit	14,649	10,834	44,336
Less: Depreciation excl. Properties	2,982	2,334	4,576
Less: Interest Paid less Received	11,667	8,600	39,460
Less: Depreciation of Properties (see Note)	2,630	2,329	5,240
Operating Profit	9,017	5,571	34,211
Associated Companies: Share of Profits less: Losses	6,317	5,571	34,211
Surplus on Sale of Properties and Investments	—	—	1,497
Profit Before Taxation	8,317	5,571	36,200
Taxation (52%)	4,325	2,897	17,981
Profit After Taxation	3,992	2,674	18,219
Preference Dividends	16	16	32
Attributable to Ordinary Shareholders	3,976	2,658	18,177
Earnings per Ordinary Share of 25p	3.27p	2.19p	14.86p

Note: Provision has now been made for Depreciation of Freehold and Long Leasehold Buildings in order to comply with Statement of Standard Accounting Practice No. 22. If a similar charge had been made in the corresponding period of last year it would have amounted to £800,000 thereby reducing the Operating Profit to £4,971,000.

No figures have been included in this Statement for David Evans & Company (Sunderland) Ltd. and Highland Tourist (Cairngorm Development) Ltd. which were acquired on 7th and 10th July, 1978 respectively.

No provision has been made in respect of the Profit-Linked Share Plan for Employees as the first allocation is dependent on the results for the current financial year.

The Share of Profits of Associated Companies and Surplus on Sale of Properties and Investments are dealt with only in the year-end Accounts.

The earnings per ordinary share have been calculated using the average number of Ordinary Shares in issue during the periods. For the 26 weeks to 29th July, 1978 the average number was 121,776,656 (1977—121,508,502).

### Interim Dividend on Ordinary Shares

The Directors have declared an Interim Dividend on the Ordinary Shares on account of the 52 weeks ending 27th January, 1978 of 1.5865p per share (1.5865p) amounting to £3,332,125 (£2,052,093). The Dividend will be payable on 6th December, 1978 to Shareholders on the Register at the close of business on 27th October, 1978.

Handwritten signature: J. V. Molloy



## BIDS AND DEALS

## Orme turns down Comben—significant profit rise

The directors of Orme Development have unanimously advised their shareholders not to accept the Comben Group's offer. In a formal rejection letter they say they believe that Orme's profits will increase significantly both in the current year ending April 30, 1979, and in future years and that this is one of the main reasons for Comben's offer. They also say that Comben's offer to acquire Orme's "very valuable" land bank at less than its full value.

In line with the interim statement, Orme has shown a "very substantial improvement" in the second half. Profits over this period were £440,000, pre-tax (£479,000) for an overall total of £604,000, for 1977-78, against £1,036,000. Turnover on the year rose from £12.78m to £13.88m. Fully diluted earnings are 3.22p per share against 3.12p. A final dividend of 1.5p per share is proposed making a total of 2.7p (2.6p).

Orme expects to recommend for the current year an increase in total dividends, although the payment will depend on the actual

level of profit achieved, taxation and the need to retain earnings. Treasury has given permission for total dividends of 3.5p net per share, an increase of 2.5p net over 1977-78.

Although Comben has criticised Orme's profit record, Orme's profits before tax, measured as a percentage of turnover, have been over twice as good as Comben in 1973, 1976 and 1977 and only in respect of 1978 has Comben been able to improve on Orme's record, and then only marginally, the Orme directors state.

Orme has commissioned professional valuations of nearly 80 per cent of its land bank. As at May 1 this revealed a surplus of £6.7m after tax. As a result net tangible assets per share increase to 72.3p.

Valuations of the remainder of properties are in progress. The directors say that Comben's offer, ignoring the final dividend for the current year, would be "unacceptable" if it were to become unconditional, undervalues the net

## Wadham pays £1.06m for H. Beare

Wadham Stringer has agreed to buy H. Beare and Sons, agricultural machinery distributor and engineer, for £1,035,000 cash. Beare operates from Cornwall, Devon and Dorset. The distribution agreement for International Harvester Agricultural Tractors is held at all of these locations and International Harvester Company has confirmed that this will continue. In addition, the company distributes a full range of agricultural equipment.

Pre-tax profits of Beare for 1977 were £235,000 and management accounts indicate improvement for the first six months of 1978. The net asset value at December 31, 1977 was £202,000.

## Preussag and AMC agree on independent operations

IT HAS been agreed that Amalgamated Metal Corporation will remain an independent company run on the basis of the policy of the directors if the bid by Preussag becomes unconditional. This is made plain in the letter by Sir John Saunders, chairman of AMC, in Preussag's offer document.

In a memorandum of understanding, Preussag has also agreed that AMC should continue to follow a fair and proper dividend policy. Meanwhile, Preussag would have four nominees on the Board of AMC in the place of the four existing nominees of Patino NV.

The independence of AMC seems to have played an important part in making the leading board members remain with the company. After referring to aspects of the independence Sir John writes, "In these circumstances, and with the agreement of Preussag and my board colleagues, I shall continue to be chairman and Mr John Walton will continue as managing director and chief executive."

The offer for AMC has been made purely because Preussag was required under the Take-over Code to do so when it agreed to buy 35.4 per cent of AMC from Patino. Preussag does not want complete control of AMC and the AMC board is recommending shareholders not to accept the offer.

The share offers are unattractive, writes Sir John, because capital gains tax and the investment currency premium would be payable. The cash offer, meanwhile, is below the current market price. So the board is recommending shareholders to retain their holdings.

Only one missing link is apparent, Sir John writes, that the already restricted market in the shares might become even more narrow if many shareholders accept the offer. Sir John also notes that another major shareholder, Norddeutsche Affinerie, has been increasing its stake recently.

Norddeutsche itself has not yet reached a decision on whether to accept the offer or not, but its nominees on the AMC board joined in the recommendation for other shareholders to reject the offer.

## Dimplex

The shares of Dimplex Industries, the collapsed central heating unit manufacturer, are worthless, the receiver told shareholders yesterday.

Mr. W. S. Palmer, of accountants Woodhouse, yesterday described

his efforts as the company's receiver, first to effect an offer for Dimplex and, failing that, to sell the business as a "going concern". This also failed and eventually most of the manufacturing assets were sold on their own.

Now only the company's freehold property remains to be sold and the total proceeds will not meet the full demands of creditors.

## Staflex sells some overseas interests

Staflex International, the troubled fusible interlining specialist, should be fully profitable, albeit a much smaller group, after the shareholders agree to certain sales in the Far East, South Africa and Europe. Mr. Irwin Bellow, the chairman, told shareholders in a circular yesterday.

The circular contained details of the sales which the company had foreclosed last month. In the Far East, Staflex will be selling out its manufacturing rights in Singapore and Japan to Dynic, its former licensee. Dynic will only 1) for the companies involved but will take on the Staflex brand name.

The Far East lost £254,000 in the first five months of this year. These will now be cut off and some £700,000 of debts deconsolidated.

In South Africa the subsidiary is to be sold for £290,000 (net asset value). In Europe it is the entire distribution network which is to be sold, with the Dutch factory, which will become a commission finisher and coater of interlinings. An offer for the distribution division, was made yesterday by Dominion Textile, a Canadian company which already markets specialised fabrics to the company's shirt makers. No price has been announced.

The impact of Staflex, the chairman says, will be first a major reduction in interest costs and secondly, "a progressively improving balance sheet."

A pre-term balance sheet outlining the effects of the proposed sales, reveals that current assets will decline by £3m to £14m and current liabilities by £3m to £11.5m (largely by a £1.5m reduction in overdrafts and a £2m drop in creditors). Net current liabilities fall to £2.5m (£2.2m).

Shareholders' funds, including Imperial Group ordinary shares of £84,000, will amount to £187,000.

## Allied votes still being counted

BY CHRISTINE MOIR

THE pension funds' special committee on Allied Breweries, was last night still counting the votes it had received in support of its call to requisition a shareholders' meeting at Allied. Mr. Hugh Jenkins, who is chairing the committee, said it would be meeting today to take stock of the position.

Meanwhile Allied continues to say that it "cannot impose a new term on Lyons as the proposed resolution envisages." Lyons is reserving its position about whether it would agree to a new condition amounting to prior consultation with Allied's shareholders, and Allied has not approached the Take-over Panel over its attitude.

The Panel has in the past consented to new conditions being introduced into bids although only infrequently. In one such case it was discovered after terms were announced that Australian shareholders' consent was required.

More significantly there has been at least one case where shareholders' meeting had to be called after an initial announcement of a bid which did not include such a meeting as one of the conditions.

## KUNICK QUOTATION CANCELLED

The share quotation of Kunick Holdings, manufacturer and wholesaler of fashionwear, has been cancelled at the company's own request. This is because the market value of the company's equity is well below the Exchange's minimum of £1m, even after allowing for the pending rights issue.

However, dealings will be allowed under rule 183(2). This move follows shareholders' approval at a meeting on August 15 for the acquisition of Kunick Fashions, and premises in Lyne Street and Georgiana Street in North London, and the increase in the authorised capital allowing a £10,000 rights issue to go ahead.

Kunick's shares were suspended several months back at 5p. The acquisition of the Kunick company for 1m shares includes 100,000 shares which specialise in fashion goods mainly for the younger market, and Chatters Shirts.

Arrangements have also been formalised for Industrial and Commercial Finance Corporation to provide loans totalling £250,000 towards the purchase price of the two London properties.

An extraordinary meeting has been convened for Friday September 15 for shareholders to consider the proposed arrangements with ICF and to effect the necessary increase in capital and changes to the company's Articles.

The directors of Kunick will be taking up their rights entitlement of 174,000 shares. Apart from three other individual holdings ranging from 5 to 7 per cent of the capital, the shares are held in forty small packets by some 500 people. Tallman Securities is underwriting the one-for-one issue at 10p.

The directors of Kunick have informed Kunick that in the year ended May 1978 profits will be not less than £48,000 pre-tax. The only infrequently. In one such case it was discovered after terms were announced that Australian shareholders' consent was required.

They consider the prospects for the current year are good and for the first time since 1972 they expect to pay a dividend. Profits for the enlarged group for the year ending May 31 1979 are forecast at £50,000 and on this basis the board will pay a gross dividend of 1p per share.

The directors intend to get a quotation for the shares. The Stock Exchange has stated that if the company should seek a quote by way of an introduction it would not require the publication of a full advertisement.

## £2m purchase by Warren Plantation

CONDITIONAL agreement has been reached for Warren Plantation Holdings to buy Joseph Mason and Company, a specialist paint maker, for a maximum of £2.3m cash.

Mason makes specialised surface coatings and paints mainly used in the vehicle and container industries.

The initial consideration is £1.5m cash, followed by a maximum of £800,000 cash related to profits for the current year. In 1977, Mason made a pre-tax profit of £228,623 on turnover of £3.88m. Shareholders' funds and deferred tax amounted to £1.7m at December 31, 1977. The parties to the agreement are Warren Plantation Holdings, Joseph Mason and Company, a specialist paint maker, for a maximum of £2.3m cash.

## BOND DRAWINGS

INDUSTRIALIZATION FUND OF FINLAND LIMITED  
600,000,000 Luxembourg Francs 7% Guaranteed Bonds 1972/1987

Kredietbank S.A. Luxembourg hereby give notice that, in accordance with the terms of the above-mentioned loan, the instalment of Lux. Frs. 60,000,000 due October 15, 1978 has been drawn on August 11, 1978 for redemption at par.

The numbers of the drawn Bonds are as follows:

00015	00017	00036	00045	00061	00075	00076	00077	00082	00084
00085	00110	00115	00119	00124	00136	00146	00169	00173	00175
00181	00193	00195	00205	00218	00228	00226	00227	00249	00263
00266	00279	00285	00287	00288	00293	00308	00327	00334	00341
00346	00347	00350	00363	00367	00389	00390	00398	00404	00407
00413	00442	00455	00457	00469	00481	00486	00471	00476	00478
00481	00484	00488	00493	00494	00499	00502	00510	00538	00537
00574	00581	00586	00587	00592	00603	00619	00645	00648	00653
00661	00664	00676	00677	00681	00684	00713	00715	00719	00723
00727	00740	00787	00792	00797	00806	00835	00839	00844	00867
00899	00912	00919	00935	00939	00943	00946	00948	00973	00977
00990	00997	01012	01016	01017	01025	01033	01067	01080	01082
01119	01125	01126	01127	01142	01162	01163	01185	01244	01253
01254	01257	01266	01271	01278	01281	01294	01314	01315	01343
01344	01392	01393	01395	01398	01399	01399	01400	01406	01408
01425	01448	01453	01490	01500	01501	01505	01507	01530	01536
01539	01570	01579	01584	01602	01621	01629	01633	01658	01677
01683	01684	01689	01692	01707	01709	01711	01713	01718	01741
01769	01778	01780	01785	01816	01817	01834	01835	01857	01858
01857	01866	01877	01880	01886	01888	01891	01893	01895	01923
01967	01995	02000	02006	02009	02016	02017	02018	02025	02040
02042	02053	02070	02072	02079	02080	02084	02096	02112	02116
02121	02143	02146	02152	02154	02173	02175	02179	02180	02182
02190	02192	02201	02213	02234	02253	02255	02258	02274	02277
02281	02285	02286	02298	02313	02335	02360	02362	02370	02379
02381	02392	02394	02397	02393	02402	02408	02422	02440	02441
02445	02458	02459	02462	02464	02467	02503	02511	02515	02516
02528	02537	02546	02581	02588	02614	02627	02628	02632	02640
02646	02649	02664	02674	02679	02687	02691	02692	02693	02694
02756	02758	02764	02765	02777	02797	02800	02806	02809	02810
02814	02821	02822	02824	02839	02861	02870	02880	02884	02885
02892	02895	02899	02923	02925	02949	02953	02954	02956	02969
03005	03023	03024	03029	03044	03052	03056	03061	03067	03071
03073	03087	03095	03125	03139	03170	03181	03190	03199	03202
03205	03225	03229	03234	03242	03260	03279	03280	03289	03296
03298	03308	03308	03317	03344	03354	03357	03371	03380	03389
03391	03398	03403	03435	03445	03463	03474	03479	03484	03490
03481	03482	03490	03494	03495	03501	03516	03521	03523	03524
03548	03549	03558	03579	03604	03610	03615	03619	03629	03630
03648	03663	03664	03682	03717	03724	03724	03746	03755	03758
03765	03766	03769	03804	03807	03810	03826	03840	03861	03863
03875	03876	03888	03891	03892	03911	03943	03947	03953	03963
03976	03987	03989	03993	03999	04001	04038	04051	04053	04067
04072	04082	04082	04109	04114	04120	04137	04147	04154	04173
04179	04183	04190	04203	04241	04244	04247	04275	04294	04305
04314	04327	04339	04349	04357	04403	04408	04410	04412	04415
04401	04474	04482	04494	04517	04518	04535	04538	04548	04552
04556	04559	04596	04597	04592	04601	04621	04632	04639	04651
04659	04663	04667	04670	04682	04689	04712	04719	04738	04747
04748	04767	04769	04782	04812	04827	04829	04835	04838	04840
04847	04849	04876	04877	04891	04893	04897	04906	04908	04910
04919	04923	04925	04929	04930	04931	04941	04948	04977	04981
04981	04983	04985	04987	04988	04989	04990	04991	04992	04993
05015	05033	05042	05048	05074	05101	05110	05112	05123	05143
05144	05175	05179	05184	05201	05206	05209	05213	05214	05216
05242	05262	05270	05281	05285	05315	05318	05325	05333	05358
05363	05374	05377	05393	05399	05404	05416	05430	05435	05436
05437	05440	05449	05480	05507	05530	05535	05545	05547	05549
05553	05582	05584	05588	05600	05601	05624	05626	05628	05635
05661	05676	05678	05722	05723	05729	05792	05800	05826	05829
05843	05869	05870	05877	05915	05916	05956	05992	06010	06020
06023	06029	06050	06064	06070	06074	06079	06194	06197	06198
06125	06145	06156	06167	06185	06188	06188	06194	06197	06198
06203	06229	06233	06237	06240	06247	06293	06301	06304	06311
06314	06344	06359	06369	06379	06397	06399	06404	06434	06456
06457	06465	06487	06503	06511	06513	06516	06525	06526	06562
06574	06585	06587	06575	06576	06582	06594	06624	06625	06634
06639	06653	06667	06679	06735	06776	06782	06789	06817	06819
06819	06843	06851	06853	06859	06867	06871	06875	06878	06883
06933	06947	06951	06968	06971	06978	06979	06989	06991	07008
07012	07031	07038	07057	07062	07064	07065	07084	07112	07116
07142	07143	07146	07153	07164	07168	07169	07187	07217	07233
07258	07259	07263	07266	07278	07287	07318	07319	07336	07340
07349	07382	07383	07374	07386	07408	07439	07453	07462	07478
07482	07500	07504	07535	07561	07559	07566	07574	07578	07621
07633	07638	07659	07644	07651	07650	07654	07661	07670	07686
07687	07712	07714	07717	07738	07747	07758	07767	07773	07780
07813	07837	07902	07959	07964	07963	07966	07989	07990	08018
08029	08030	08035	08035	08074	08081	08132	08135	08142	08144
08168	08178	08181	08189	08199	08202	08217	08223	08243	08252
08257	08292	08296	08305	08311	08314	08325	08328	08367	08378
08384	08386	08389	08393	08423	08430	08440	08448	08473	08475
08481	08484	08485	08502	08512	08512	08512	08514	08515	08516
08563	08565	08574	08580	08584	08612	08613	08623	08634	08662
08665	08667	08667	08671	08678	08680	08689	08695	08703	08761
08777	08789	08815	08815	08817	08828	08829	08832	08847	08858
08878	08878	08889	08889	08893	08895	08897	08903	08920	08921
08925	08931	08937	08947	08960	08965	08971	08980	08988	09051
09063	09063	09073	09089	09093	09093	09093	09127	09145	09152
09168	09174	09174	09178	09219	09201	09200	09226	09254	09229
09235	09239	09254	09256	09259	09272	09277	09284	09286	09299
09312	09316	09339	09353	09362	09368	09379	09380	09385	09391
09394	09396	09400	09409	09426	09430	09442	09449	09459	09482
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## INTERNATIONAL FINANCIAL AND COMPANY NEWS

## NORTH AMERICAN NEWS

## Liggett makes agreed bid of \$130m for Servomation

BY DAVID LASCELLES

LIGGETT GROUP, the large tobacco concern which has been trying to restructure its operations, today announced agreement in principle to take over Servomation, a New York company which sells goods through vending machines.

The deal, thought to be worth over \$130m, will either absorb Servomation directly or merge it with a subsidiary, subject to the approval of both Boards and the shareholders.

Liggett, whose best known brands include Chesterfield and L & M, is offering \$84 for up to 45 per cent of Servomation's outstanding shares, which have recently been trading at around \$40. Remaining shares will be converted into a new series of \$25 Liggett preference stock, and a portion of Liggett common stock based on a market related price, though in the range of \$23.34 to \$23.41.

The proposed merger appears logical. Liggett Group deals mainly in tobacco, spirits, wines and food, while Servomation machines sell food, tobacco products and drinks. Liggett will, therefore, gain control over a major outlet for its merchandise.

Servomation also provides manual sales and catering services in places like factories and schools.

Its earnings last year were \$11.7m on sales of \$411m, equivalent to \$2.75 per share. Liggett's sales were worth \$943m, and earnings were \$26m, equivalent to 12 cents a share. This was a considerable drop on the previous year when per share earnings were \$4.23.

The company has been striving to reverse the decline of its domestic cigarette business, where unit sales are believed to have halved in the last 10 years. In order to concentrate on the U.S. market, Liggett announced in June that it was selling off its foreign operations to Philip Morris in a deal worth \$108m. It would appear that the proceeds from this sale are now being deployed for the Servomation purchase.

## Mead questions value of Occidental bid

DAYTON, August 24. MEAD, the forestry and wood products group which is fending off a \$750m offer for its shares by Occidental Petroleum, is writing to shareholders spelling out why they should reject the oil group's bid.

The forestry group's directors give a number of reasons for opposing the offer, ranging from questions about the value of the Occidental preferred stock offered in the share exchange and questions about Occidental's management compared with the progress Mead has made in recent years.

The Mead Board considers Occidental's proposed offer "inadequate and not in the best interest of Mead shareholders."

Mead's Board and management conclude that because of the company's excellent financial condition, market position and outlook, Mead shareholders will be best served by maintaining the company as an independent entity.

They state that the actual value of the Occidental paper is subject to conjecture and point out that Occidental had a net loss of \$38.9m for the six months ended June 30 last.

Furthermore, Occidental is subject to numerous lawsuits that could have a material effect on the value of its securities.

Mead's directors comment, adding that a large part of Occidental's revenues come from North Sea oil which may be taxed at a sharply higher rate as of January, 1979.

Agencies concern Harrischleiger Corpora-

## Fedders makes assets charges against Chrysler

NEW YORK, August 24.

FEDDERS Corporation accused Chrysler of fraud and deception in allegedly overstating the assets of the Chrysler Airtemp division that Fedders bought in February, 1976. Fedders also accused Airtemp's foreign subsidiaries of a variety of illegal acts.

The charges were contained in a memorandum dated August 24, 1978, which Fedders made in reply to a suit which the motor company filed in federal court here a month ago.

Chrysler contended that Fedders breached its obligation to complete payments for the division, which makes air-conditioning equipment, and should pay Chrysler \$127.3m in indebtedness and damages.

Fedders paid Chrysler cash, preferred stocks and notes valued at nearly \$58m for Airtemp. In August, 1976, however, it asserted that there were deficiencies in the assets it received and that it was entitled to a reduced purchase price. Fedders began to withhold dividend and interest payment from Chrysler, pending resolution of the dispute.

In its complaint here, Chrysler contends that the purchase price should be increased by \$3m, based on a final calculation specified in the purchase contract. It also claims Fedders has failed to pay for services it received.

In denying Chrysler's charges, Fedders asserted that Airtemp's assets were overstated by at least \$23.4m in misleading balance sheets supplied by Chrysler.

## RESULTS IN BRIEF Levitz earnings rise 30%

NEW YORK, August 24.

LEVITZ FURNITURE performed strongly during the first half of the year, with earnings per share adding 30 per cent to \$1.42.

Reporting for the same period, Mercantile Stores, the department store concern, managed only a slight advance from \$1.34 to \$1.37.

American Air Filter raised its nine monthly earnings per share figure from \$1.87 to \$1.82, while a figure of materials handling equipment.

Agencies concern Harrischleiger Corpora-

## Algemene Bank offer for Lasalle

By Charles Batchelor

AMSTERDAM, August 24. ALGEMENE BANK Nederland (ABN) today announced a \$82m cash bid for the entire outstanding capital of Lasalle National Bank of Chicago.

ABN, the largest Dutch bank, has reached agreement in principle to acquire for about \$115 a share the 84 per cent holding of GATX Corporation, the Chicago based freight and financial services group.

It also expects to reach agreement with the holders of another 14 per cent of capital and will offer the remaining 2 per cent of shareholders the same terms and conditions.

ABN will be entitled to the earnings of Lasalle from January 1 1978 until the transaction is completed. But dividends will continue to be paid out, including those since paid, to present shareholders up to an amount of \$1.1m per year.

Lasalle will continue to operate with an American board of directors and management. The deal is subject to the usual investigations and to final agreement between the two banks. It also requires U.S. government approval and the consent of the Dutch central bank.

Lasalle, a medium size bank in the state of Illinois, had total assets of \$852m at the end of 1977, \$893m of deposits and a loan portfolio of \$472m. Its equity was a provisional \$40.3m at the end of June 1978.

Net earnings rose from \$2.4m to \$5.4m in 1977, and earnings in the current year are reported to be progressing favourably. The bank employs about 700 and offers services both to corporate and private clients.

Arrangements for the sale were made by Lehman Bros, Kuhn Loeb for ABN and by Goldman, Sachs for GATX.

ABN is traditionally the most internationally oriented of the major Dutch banks and it has an extensive branch network abroad, including the U.S. It recently announced a 23 per cent increase in net profit to \$120.8m (\$58m) in the first half of 1978 on a balance sheet total of \$6.6 per cent higher at \$160.1bn (\$132.1bn).

It recently announced a recent trend of bank takeovers, it being the first American acquisition by a Dutch bank. U.S. banks have substantial shares in a number of the smaller Dutch institutions.

## Chemical sector outlook clouded by Bayer result

BY GUY HAWTIN

FRANKFURT, August 24.

HOPES FOR an improvement in the West German chemical industry's prospects were dampened today with publication of Bayer's report on the first half of the year. Bayer, the last of the Big Three to announce its first six months' performance, appears relatively pessimistic about the year's outcome.

While the figures of all the "Big Three" are open to interpretation, only Hoechst seems confident enough to predict that the improvement is to be expected in the second half of the year. Bayer seems to take much the same view as its rival BASF, although its interim report contains no comment on likely business developments during the final half of the business year.

Hoechst last week stated that earnings in the second quarter showed an improvement that was expected to continue during the second half of the year. Bayer, however, stated that conditions were little changed during the second three months of the year.

Today's report from Bayer states baldly that during the second quarter of 1978, sales prices showed a slight decline. At the same time, export prices had felt further downward pressure as a result of the decline in the dollar.

Bayer's first half world turnover on the other hand rose by 6.2 per cent from DM 11,025m to DM 11,770m (\$5,835m). The figures also show that sales went up faster in the second three months than in the opening quarter, rising by 7.9 per cent from DM 5,815m to DM 6,050m.

However, much of this increase stemmed from the newly-acquired Miles Laboratories subsidiary in the U.S., which contributed DM 570m to group figures.

World sales excluding Miles' performance rose by only 1 per cent. Group pre-tax profits totalled DM 558m—10.9 per cent down from DM 624m recorded during the opening six months of 1977. The report, however, does not

indicate how much of this was attributable to Miles.

The parent concern, Bayer AG, noted that during the first half, sales fell by 1.3 per cent from DM 5,276m to DM 5,230m. Domestic sales, said the report, were on a par with the DM 2,220m from DM 2,180m, while exports went up slightly—rising 2.6 per cent from DM 3,046m to DM 3,070m.

As a result, exports as a proportion of turnover increased from 57.7 per cent during first half 1977 to 58.3 per cent.

During the second quarter of the year domestic turnover was 8.7 per cent down to DM 1,060m. Exports, however, went up by 2.1 per cent to DM 1,530m. Pre-tax profits fell by 12.4 per cent from DM 494m to DM 380m.

Sales performance, said the report, varied from division to division. Specialty chemicals showed a pleasing growth rate, whereas turnover in the three sectors fell owing to the shutting down of capacity in the Period division.

Improvement in the energy industrial concern, has announced a substantial increase in both profits and sales during the first half of the current year. Sales in the trading, transport and services sector also made an important contribution to the first six months performance. They could look forward to a marked improvement in the year's results.

Energy's first half earnings rose from DM 134.2m to DM 143.2m (\$7,382m). However, a large portion of this improvement was due to the group's increase of its stake in the Huelo chemical concern, said Herr Bennigsen, Energy's chief executive.

Without this, sales would have gone up by only 2.9 per cent from DM 64m to DM 65m, a rise of 3.5 per cent.

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## Nedlloyd in profit after tax credit

By Charles Batchelor

AMSTERDAM, August 24. THE POOR state of the world shipping market and the decline of the dollar had an adverse impact on the first half result of the Nedlloyd group, the largest Dutch shipping line. The company made a trading loss compared with profit last year, and was only able to make a profit at the net level with the help of a tax credit on the results of minority holdings.

The company expects a clear improvement in the second half, however. Mr. Bernard Ruys, chairman of the managing board, told a Press conference. A slight upturn of the shipping activities is expected, while the minority holdings traditionally produce higher profits in the second half.

Nedlloyd does not expect to repeat the profits' levels of the second half of last year, however, and it is likely to pay a lower dividend than the \$1.9 in 1977. Dividend profit was \$1.24 and net profit \$1.47m last year.

Nedlloyd had a trading loss of \$1.8m (\$4.5m) in the first half compared with a profit of \$1.4m in 1977. The net interest charge more than doubled to \$17.5m, but the company's losses were offset by a credit of \$1.1m compared with a charge of \$1.1m in 1977. At the net level, profits were sharply lower at \$1.9m (\$4m) compared with \$1.47m. Net profit per \$1.50 share fell from \$1.13 to \$1.27.

The shipping loss is disappointing, but is still relatively favourable compared with the gloomy reports from other shipping companies. Nedlloyd said. The broad range of its activities means there is no cause for concern.

## SMN in talks with Sacilor

By David Curry

PARIS, August 24. THE small French steelmaker, Societe Metallurgique de Normandie (SMN), in the region, is to open negotiations with Sacilor steel group to try to work out a plan to rationalise production and marketing. Otherwise, the company has warned, it would be forced to close by the end of the year.

SMN is following in the footsteps of another small concern, Neuves-Maisons, in eastern France, which in July initiated similar discussions with Union Carbide.

The area particularly concerned in the SMN talks are long and laminated products, which they are competing against Sacilor. In particular, the smaller company is suffering from competition in its "home" markets in Normandy and Brittany.

## Fearnley and Eger pressed to sell ships

By Fay Gjerter

OSLO, August 24. NORWAY'S TROUBLED Fearnley and Eger shipping group is being pressured by its creditors to sell their fleet of 13 ships.

The creditors point out that the three bulk-carriers of 120,000 dwt each—will be much cheaper to operate under a non-Norwegian flag. Still further sales from the group's fleet are believed to be likely.

In a meeting with its financial creditors in London 10 months ago, Fearnley and Eger negotiated an 18 to 19 per cent settlement of its \$1.13bn (\$945m) debt payable over seven to eight years. So far, the terms of the settlement appear to have been fulfilled.

During the summer, the group sold its 50 per cent stake in the oil rig, the Ocean Ranger, to ODECO of New Orleans. When the three bulkers have been sold, its fleet will comprise six vessels—two tankers, three gas carriers and one remaining bulk carrier.

One of the tankers is laid up; the other is sailing on a profitable charter that has two years to run. The rest of the fleet is employed at rates which just about cover operating costs and the three bulkers would be an estimated \$1.5m (\$283,000) less per ship per year, under foreign flag.

This move reverses the trend of bank takeovers, it being the first American acquisition by a Dutch bank. U.S. banks have substantial shares in a number of the smaller Dutch institutions.

The main reason for the

improvement in the energy industrial concern, has announced a substantial increase in both profits and sales during the first half of the current year. Sales in the trading, transport and services sector also made an important contribution to the first six months performance. They could look forward to a marked improvement in the year's results.

## Pakhoed prospects poor after six month deficit

BY OUR OWN CORRESPONDENT

AMSTERDAM, August 24. PAKHOED Holding, the Dutch oil and gas company, has announced a six month deficit of \$1.4m.

The company's liquidity position will be considerably strengthened during the year as \$1.35m (\$104m) will become available from property sales. This will mean that it is in a good financial position to bridge a difficult period, it said.

Its operating profit fell to \$1.13m (\$84m) in the first half of 1978 from \$1.23m. Income from non-consolidated companies was sharply lower at \$1.1m compared with a tax charge of \$1.24m last time.

Extraordinary items produced a net deficit of \$1.4m compared with a slight net profit. At the net level, Pakhoed recorded a loss of \$1.43m (\$2m). This compares with a profit of \$1.13m in the first half of last year and a loss of \$1.13m in the second half.

Turnover rose 80 per cent to \$1.38m (\$12m) following the consolidation of the Polyvate project development group.

The first half results do not include the profits from the sale of property to the Robeco investment group and the Shell Petroleum.

The MCT tool division has changes, the increase in sales will probably amount to about 15 per cent for the whole of 1978, mainly from light industry, and the order inflow rose by 28 per cent during the first half to SKR 2.5bn (\$875m).

Pre-tax profit amounted to SKR 185m (\$41m) in the first half of 1978 compared with SKR 165m in the same period last year. The profit figures do not take into account gains and losses on foreign exchange trans-

## Expansion abroad boosts Atlas Copco at midway

BY JOHN WALKER

STOCKHOLM, August 24.

THE HALF-YEAR report from Atlas Copco, the Swedish compressor and hydraulic equipment manufacturer, reveals that sales have been strong in the first half of 1978, with a 22 per cent increase in sales over the same period last year.

Sales are up by 22 per cent to SKR 2.3bn (\$540m) compared with SKR 1.8bn in the same period last year. In Sweden the market has been strong and other currency depreciation has helped.

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## CHALLENGE CORPORATION (LIMITED)

Preliminary (unaudited) results for the year ended 30th June 1978

	1978	1977
GROUP TRADING INCOME (including dividends from associated companies)	NZ\$500'0	NZ\$500'0
	8,472	16,143
PROFITS ARISING FROM DISPOSAL OF SURPLUS ASSETS	3,113	3,530
LESS Taxation	11,585	19,663
	1,601	7,319
NET TRADING PROFIT	10,584	12,344
LESS Amounts attributable to minority interests	29	25
GROUP INCOME AFTER TAX	10,555	12,319
Group share of retained profits of associated companies (i.e. net of dividends received)	(209)	653
NET INCOME ATTRIBUTABLE TO GROUP	10,346	12,972
LESS APPROPRIATIONS		
Preference Dividends	1978	1977
Interim Ordinary Dividend	1,383	1,383
Final Ordinary Dividend	2,075	2,075
	3,458	3,458
Capital Reserves	2,229	4,210
	5,687	7,673
RETAINED PROFITS	\$NZ4,659	\$NZ5,149

Earnings (cents) per \$NZ1 Ordinary Share

	1978	1977
Before profits arising from disposal of surplus assets	26.1	33.6
After profits arising from disposal of surplus assets	37.4	46.3

The Directors recommend a final ordinary dividend of 7.7 per cent, making a total of 12.4 per cent (unchanged), payable on 20th October 1978 to shareholders registered on 6th October 1978. They also recommend a final dividend of 2.075 cents per share, payable on 20th October 1978.

Commenting on the results the Chairman, Mr. R. R. Trotter, stated that the fall in net income had been cushioned by tax benefits derived from the trading stock valuation adjustment and other sources.

He also stated that Wrightson NMA, the Group's largest subsidiary, improved its performance in the second half of the year despite difficult climatic conditions, and achieved some increase in market share. The company benefited from amendments to the Money Lenders' Act, which came into effect in December and which resulted in it no longer providing funds to farmers below cost; increases in certain other charges were approved by the Commerce Commission in January. Overall the results from the rural sector, though down on last year, were better than anticipated.

The Group's Finance Sector continued its strong performance, the profits of Challenge Finance increasing by 56 per cent and excellent results being achieved by Challenge Securities & South Pacific Credit Card Ltd. Returns from the manufacturing and engineering subsidiaries however were down on previous years, and, in spite of a vigorous approach to a smaller market, for both new and used vehicles, the motor division produced unsatisfactory results.

Climatic conditions in the current year have so far been favourable, and provisions in the June Budget affecting farmers, particularly the minimum prices for meat, have resulted in a significant improvement in farmer confidence and investment. It is hoped that some of the subsidiaries, which have been rationalised and re-organised in the past year, will show improving returns even in present economic conditions.

Although the results for the year were disappointing the dividend is still well covered by earnings, and the Board therefore feels justified in recommending a 1 for 10 capitalisation issue which will result in an improved return to shareholders in the current year.

BANCO TOTTA & ACORES			
HEAD OFFICE, RUA DO OURO 86 - LISBON			
BALANCE SHEET AS AT 31ST DECEMBER 1977			
Assets	THOUSANDS OF ESCUDOS	Liabilities	THOUSANDS OF ESCUDOS
<b>CURRENT AND LIQUID ASSETS</b>		<b>CURRENT LIABILITIES</b>	
Cash and Deposits with Central Banks	4,730,182	Demand Deposits	18,729,982
Demand Deposits with other Banks	824,485	Time Deposits	24,781,383
Correspondents in Portugal	27,270	Foreign Correspondents	122,378
Foreign Correspondents	824,973	Interbank Loans and Deposits	1,448,000
Gold and Sundry Currencies	126,910	Sundry Creditors	1,347,993
Time Deposits with other Banks	970,770		2,915,371
Portfolio of Securities	2,852,500		46,426,738
Short-Term Loans	28,673,284		
Secured Creditors	8,011,487	<b>OTHER LIABILITIES</b>	
Other Debtors	6,912,282	Suspense Accounts	8,414,937
Other Current Assets	5,888		
	41,528,281		8,414,937
	48,056,561		
<b>FIXED ASSETS</b>		<b>PROVISIONS</b>	677,233
Investments	183,721		
Finances and Filings		<b>CAPITAL &amp; RESERVES</b>	
Cost	448,960	Capital	800,000
Depreciation	365,302	Legal Reserves	184,000
	83,658	Other Reserves	111,956
Furniture and Equipment			1,095,956
Cost	195,888		
Depreciation	122,373		
	73,515	<b>PROFIT &amp; LOSS ACCOUNT</b>	
Buildings		Adjustment in respect of previous exercise	(8,178)
Cost	183,368	Profit for the year 1977	85,024
Depreciation	21,655		
	161,713		
Other Fixed Assets	409		
	473,117		
<b>OTHER ASSETS</b>		<b>CONTRA ACCOUNTS</b>	
Suspense Accounts	3,407,388		51,939,888
	51,939,888		
<b>CONTRA ACCOUNTS</b>			88,119,338
	88,119,338		
<b>Total</b>	<b>150,059,224</b>	<b>Total</b>	<b>150,059,224</b>

CHIEF ACCOUNTANT: Fernando Ginja Mendes

CHIEF ACCOUNTANT: Alvaro Pinto Correia

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## FINANCIAL AND COMPANY NEWS

## MEDIUM TERM CREDITS

## Confusion over Mexican borrowing

BY FRANCIS GHILES

CONFIRMATION that Mexico is planning to raise a major loan in order to consolidate its short term debt has met with a cool reaction in international banking circles.

Mexico's debt is heavily weighted towards the short end, and many bankers believe there is a good case to be made for consolidating part of the country's short term debt.

But they are anxious to ensure that the proceeds of the new loan are used for this purpose. Bankers also point to the fact that there has been a heavy flow of new credits for Mexican entities, and at present two credits are being arranged for the United Mexican States, by different banks, and on different spreads over inter-bank rates.

Thus the \$150m seven year loan for the United Mexican States, which is being arranged by National Westminster Bank, is on a spread of 1 per cent over the loan carries a

four year grace period). The other loan is \$250m for five years carrying a spread of 1 per cent over the loan carries a

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## CURRENCY, MONEY and GOLD MARKETS

## Dollar falls in quiet trading

Trading was rather quiet in the foreign exchange market yesterday, reflecting a general reluctance to take-up positions before the future trend in the dollar becomes clearer.

The level of the dollar fell to 1.9370, compared with 1.9380 on Wednesday. The dollar also fell to 1.9370, compared with 1.9380 on Wednesday.

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THE POUND SPOT				FORWARD AGAINST £				
	Aug. 26	Bank rates	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S. \$	74	1.3491-0.1350	1.3500-1.3510	0.62-0.62	2.30	10.1300	pm	2.30
Canadian \$	2	0.5982-0.5983	0.5983-0.5984	0.45-0.45	1.21	12.12	1.20	1.20
Deutsche Mark	4 1/4	4.10-4.14	4.14-4.17	0.10-0.10	0.11	64.51	0.10	0.10
Belgian Fr.	3 1/2	3.60-3.62	3.62-3.64	0.0001-0.0001	0.0001	64.51	0.0001	0.0001
French Fr.	8	10.50-10.52	10.52-10.54	0.02-0.02	0.02	64.51	0.02	0.02
Italian Lira	200	200.00-200.00	200.00-200.00	0.0001-0.0001	0.0001	64.51	0.0001	0.0001
Spanish Ptas.	166 2/3	166.66-166.66	166.66-166.66	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Portuguese Esc.	200	200.00-200.00	200.00-200.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Japanese Yen	160	160.00-160.00	160.00-160.00	0.0001-0.0001	0.0001	64.51	0.0001	0.0001
Swiss Fr.	1 1/4	1.46-1.47	1.47-1.48	0.05-0.05	1.21	12.12	1.20	1.20
Irish P.	7 1/8	7.87-7.88	7.88-7.89	0.0001-0.0001	0.0001	64.51	0.0001	0.0001
Austrian Sch.	13 3/4	13.76-13.76	13.76-13.76	0.0001-0.0001	0.0001	64.51	0.0001	0.0001
Greek Dr.	34 1/2	34.06-34.06	34.06-34.06	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Indonesian Rupiah	1000	1000.00-1000.00	1000.00-1000.00	0.000001-0.000001	0.000001	64.51	0.000001	0.000001
Singapore Dollar	1	1.00-1.00	1.00-1.00	0.0001-0.0001	0.0001	64.51	0.0001	0.0001
Malaysian Ringgit	1	1.00-1.00	1.00-1.00	0.0001-0.0001	0.0001	64.51	0.0001	0.0001
Philippine Peso	50	50.00-50.00	50.00-50.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Thai Baht	50	50.00-50.00	50.00-50.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Chinese Yuan	2	2.00-2.00	2.00-2.00	0.0001-0.0001	0.0001	64.51	0.0001	0.0001
South African Rand	1 1/4	1.46-1.46	1.46-1.46	0.0001-0.0001	0.0001	64.51	0.0001	0.0001
South Korean Won	200	200.00-200.00	200.00-200.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Israeli N.I.S.	1 1/2	1.48-1.48	1.48-1.48	0.0001-0.0001	0.0001	64.51	0.0001	0.0001
Colombian Peso	200	200.00-200.00	200.00-200.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Argentine Peso	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Chilean Peso	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Uruguayan Peso	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Venezuelan Bolivar	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Peruvian Sol	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Ecuadorian Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Paraguayan Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Bolivian Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Colombian Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Argentine Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Chilean Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Uruguayan Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Venezuelan Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Peruvian Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Ecuadorian Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Paraguayan Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Bolivian Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Colombian Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Argentine Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Chilean Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Uruguayan Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Venezuelan Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Peruvian Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Ecuadorian Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Paraguayan Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Bolivian Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Colombian Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Argentine Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Chilean Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Uruguayan Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Venezuelan Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Peruvian Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Ecuadorian Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Paraguayan Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Bolivian Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Colombian Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Argentine Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Chilean Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Uruguayan Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Venezuelan Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Peruvian Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Ecuadorian Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Paraguayan Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Bolivian Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Colombian Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Argentine Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Chilean Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Uruguayan Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Venezuelan Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Peruvian Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Ecuadorian Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
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Bolivian Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Colombian Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Argentine Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Chilean Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
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Chilean Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Uruguayan Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
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Chilean Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
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Venezuelan Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Peruvian Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Ecuadorian Guano	100	100.00-100.00	100.00-100.00	0.00001-0.00001	0.00001	64.51	0.00001	0.00001
Paraguayan Guano	100	100.00-100.00	1					



## APPOINTMENTS



# ZAMBIA NATIONAL COMMERCIAL BANK LIMITED

(Incorporated in Zambia)

## BANK INSPECTORS/ACCOUNTANTS

Several vacancies exist in our Inspection Department in Zambia. Applicants must have A.I.B. Diploma or equivalent. Minimum of ten years' banking experience with reasonable experience in Inspection, Audit and/or Branch Accounting. Attractive and competitive salaries offered depending on qualifications and experience. Other benefits include 25% terminal gratuity on completion of three-year contract and the usual air fares, education and baggage allowances and housing at low rental.

Applications in own handwriting, stating age, marital status, experience (with copies of professional and educational qualifications) should be addressed to:—

The Manager,  
Zambia National Commercial Bank Limited,  
Zimco House, 129-139 Finsbury Pavement,  
London EC2A 1NA.

## CONTRACTS AND TENDERS

## Democratic and Popular Republic of Algeria

## MINISTRY OF FINANCE BANQUE CENTRALE D'ALGERIE INTERNATIONAL INVITATION FOR THE PRESELECTION OF COMPANIES

For its printing plant, the Banque Centrale d'Algerie plans to acquire a complete installation for the recovery of trichlorethylene (liquid and steam).

For the completion of this work, the Banque Centrale d'Algerie will pre-select qualified companies.

The total quantity of trichlorethylene to be treated is approximately 200 kg per day.

The realisation of this work will include the study as well as the putting into operation of the installation and supply of materials.

Interested companies should send their applications together with references before September 30, 1978 to the following address:

BANQUE CENTRALE D'ALGERIE  
IMPRIMERIE  
10, rue des Fusillés du 17 mai 1957  
ALGERIA

## Democratic and Popular Republic of Algeria

## MINISTRY OF FINANCE BANQUE CENTRALE D'ALGERIE INTERNATIONAL INVITATION FOR THE PRESELECTION OF COMPANIES

The Banque Centrale d'Algerie plans to acquire a complete air-conditioning installation (strict control of temperature and humidity) for its printing plant in Algiers.

For the completion of this work, the Banque Centrale d'Algerie will preselect qualified companies. The total volume of the premises involved is 10,000 cubic metres.

The realisation of this work will include the study as well as the putting into operation of the installation, and supply of materials.

Interested companies should send their applications together with references before September 30, 1978 to the following address:

BANQUE CENTRALE D'ALGERIE  
IMPRIMERIE  
10, rue des Fusillés du 17 mai 1957  
ALGERIA

## PROPERTY

## Chestertons West End Offices

75 Grosvenor Street, W1X 0JB  
01-499 0404

## For Sale

Entire Freehold Office Building,  
Cromwell Road, S.W.7

Ideal for owner occupation and/or refurbishment.  
Offices on Basement, Ground & Four Upper Floors  
totalling 5,420 Sq. Ft. approximately.

- \* Automatic Passenger Lift
- \* Oil-fired Central Heating
- \* Telephones installed

Price on application to the Sole Agents

**Chestertons** Chartered Surveyors  
**Office property**

## ART GALLERIES

FIELDHOUSE GALLERIES, 63, Queen's  
Grove, St. John's Wood, Sale 3000  
LANDSCAPES by Royal Academicians  
PRINTERS IN WATERCOLOURS, Mon-  
Fri, 10-5. Sat, 10-5. Sun, 11-5. Summer Exhibi-  
tion.

WALL GALLERIES, The Mall, S.W.1.  
UNITED SOCIETY OF ARTISTS ANNUAL  
EXHIBITION, Mon-Fri, 10-5. Sat, 10-1.  
Sun, 10-5. Until Aug. 31st. Adm. 20p.

WALL GALLERIES, The Mall, S.W.1.  
UNITED SOCIETY OF ARTISTS ANNUAL  
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UNITED SOCIETY OF ARTISTS ANNUAL  
EXHIBITION, Mon-Fri, 10-5. Sat, 10-1.  
Sun, 10-5. Until Aug. 31st. Adm. 20p.

THE MARKET PLACE GALLERY, COLLY-  
MORE, Devon, Tel. 02577 52841.  
UNIT 312, 314, 316, 318, 320, 322, 324,  
326, 328, 330, 332, 334, 336, 338, 340,  
342, 344, 346, 348, 350, 352, 354, 356,  
358, 360, 362, 364, 366, 368, 370, 372,  
374, 376, 378, 380, 382, 384, 386, 388,  
390, 392, 394, 396, 398, 400, 402, 404,  
406, 408, 410, 412, 414, 416, 418, 420,  
422, 424, 426, 428, 430, 432, 434, 436,  
438, 440, 442, 444, 446, 448, 450, 452,  
454, 456, 458, 460, 462, 464, 466, 468,  
470, 472, 474, 476, 478, 480, 482, 484,  
486, 488, 490, 492, 494, 496, 498, 500.

WALL GALLERIES, The Mall, S.W.1.  
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# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS



Light finger pressure is all that is needed to attach papers to this noticeboard. No pins are needed and it is claimed that photographs may also be fixed to it and easily peeled off. The board measures 18 by 23 inches and several may be butted together to produce any required size. It is supplied by Oyze Stationery, PO Box 55, 237 Long Lane, London SE1 4PU (01-407 8055).

## COMPUTING

## Speeds the mail orders

INDEPENDENT mail order company Empire Stores is now making use of 84 ITT 3280 visual display units at its Bradford headquarters for information retrieval, query answering and management decision taking.

Main purpose of the system, which is not concerned with order entry, is to simplify access to the large amount of information generated by the business including the 25,000 records available in the catalogue and the 500,000 documents processed each week by the computer department. The information is held in the company's two IBM 370 mainframe computers to which the terminals are connected.

Data can be extracted from four files which cover the company's agents and the business they are doing, stock quantity and location of the items in the catalogue, stock which is with agents on approval and cash flow between agents and the company. A credit control manager can, for example, access the record of any agent subject to query and determine creditworthiness. Or, a correspondence clerk can use a terminal to clear up a problem in one of the many thousands of letters that are received.

Documentation errors can also be dealt with. For example, an agent may omit the agency serial number or some part of the address; the number and full address can be thrown up on the screen by keying in what data is to hand.

Empire Stores' buyers are also using the system to check on the sales and stocks of any item in the catalogue—a valuable guide for future buying policy. Slow moving lines become quickly apparent.

Originally, states ITT, Empire Stores had opted for a total IBM system and then chose the ITT plug-compatible equipment with a view to reducing "the heavy rental charges."

ITT Business Systems is at Crowhurst Road, Hollingbury, Brighton BN1 8AN (0273 507111).

## ELECTRONICS

## New Mullard transistors

FIVE NEW complementary transistor families by Mullard are intended to extend the company's range of preferred types in TO-18 encapsulations and provide devices for industry standards.

The devices have autotetic hard-soldered crystal bonding and ultrasonically-bonded crystal connections. This ensures highest reliability even under the most arduous tests, such as temperature cycling and thermal fatigue, which apply severe stress to the package.

The new transistor families are suitable for power amplifier and switching applications, including use in complementary audio output stages up to 35W into 8 ohm speakers.

Both of the dc power sources are of the constant voltage type, current limit type with each output voltage being adjustable continuously over a 0 to 25V range. The maximum current available per output is 0.2A and the load is automatically prevented from overloading.

The HP-6234A offers flexibility in the user with output voltages that can be arranged to provide identical or different voltages in any polarity combination with respect to 0 or other common points. The outputs can also be connected in series to provide up to 50V at 0.2A. Both sources are fully isolated to permit either of the output terminals to be grounded.

Both of the pushbutton switches, users can select either voltage or current for each output to be monitored on the unit's meter. Other features include two multiple-turn controls for precise voltage setting, regulation to 0.01 per cent and ripple and noise of less than 300 microvolts rms.

Hewlett-Packard, King Street, Lane, Wokingham, Wokingham, RG11 5AR. Wokingham, RG11 5AR.

## TRANSPORT

## Washing the trains as they go by

IT USED to take up to 45 minutes for one person to clean a 60 ft long coach of an express train at the British Rail depot outside Penzance—now, with the installation of a Britannia automatic train washer, buckets and brushes have been banished and cleaners have been redeployed to more pleasant tasks.

This automatically operated equipment, standing on open track one mile outside Penzance, takes just five minutes to clean eight coaches and it has been designed to accommodate and clean the curved contours of the high-speed train due to start operations to the West Country in 1979.

The travelling coaches are subjected to a pre-wet spray followed by a solution made up of oxalic acid and detergent mixed with water, well brushed in by brushes rotating in the reverse direction to the movement of the train. This section is aimed to switch off automatically as the last coach passes through, and during the Britannia Works, Arden Forest 350 feet of open track before arriving at the second section, Warwickshire B49 6EX.

The system is said to have been designed and built to meet the exacting requirements of railways throughout the world. Its swing-arm brush units are operated by a patented electro-hydraulic system and include a fail-safe retraction facility.

More from the manufacturers, Webb, Bros. and Webb, 350 feet of open track before arriving at the second section, Warwickshire B49 6EX.

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More from the manufacturers, Webb, Bros. and Webb, 350 feet of open track before arriving at the second section, Warwickshire B49 6EX.

## PROCESSES

## Wiring implanted in circuit boards

WITH THE installation by Technograph and Telegraph of the first "Multiwire" manufacturing unit in the UK, the multiwire machine, four wheel appears to have turned emerging in about half an hour of electronics when circuits were wired up by hand and the printed circuit board had yet to appear.

It was T & T that made it appear, in etched foil form, after World War 2, later breaking new ground with plated through holes, quantity production of multi-layer boards, and additive circuits in which the copper is placed where needed, forming conductors rather than being removed (and wasted) from unwanted areas by etching.

In the latest process, copper laminate and a good deal of wet chemistry are eliminated altogether because the machine used, developed by Technograph and Telegraph, in the U.S. literally "sticks" fine wire with great accuracy on to the surface of the board, directed by a punched tape or magnetic disc stored program.

The problems of getting a good final master layout vanish, and the photographic/chemical processes that normally follow are used only to lay down ground and power planes.

For signal lines, the customer's logic engineer provides a hand-drawn schematic of his circuit, together with a "net list" of points that have to be interconnected. A PDP 11/04 mini-computer, armed with 50 programs, sorts the data, finding the best routes for the wires and optimising the layout which is then printed out on paper and sent back to the customer who can check for undesirable layout features that might have arisen.

The outcome is a wiring which is then simply played into the Multiwire machine, four wheel appears to have turned emerging in about half an hour of electronics when circuits were wired up by hand and the printed circuit board had yet to appear.

As a result, the company says it can offer a prototype manufacturing delivery time of five to six weeks from receipt of the schematic.

The wiring machine itself is a highly advanced piece of engineering. It consists of an X-Y co-ordinate table, servo-driven on which four boards up to 500 x 350 mm in size can be mounted, and four associated, identically operated wire-laying heads which are pneumatically actuated and can align the wire, fed from a spool, in X, Y, and 45 degree directions.

A significant feature of the process is that the 0.16 mm wire used has a 20 micron polyimide coating, permitting cross-overs which exhibit 500 V dielectric strength.

As the table is moved, the heads place the wire to an accuracy of a few "thou" at the same time "sucking" it by ultrasonic bonding at 22 kHz. After heat-fusing an insulating layer on to this first level of wiring in a press, further layers can be similarly added. Because cross-overs are allowed, a single level of Multiwire might be equivalent to several layers of conventional kind. Consequently such conventional boards with perhaps 20 layers can be reduced to four or five in Multiwire.

After wiring, the multi-layer sandwich is drilled with great accuracy at wire termination positions, or even cutting into the sides of wires at the various levels. Granite-bedded three or four station Excellon NC drill-

We shine in a power cut!

generators from 10kVA to 2000kVA for sale and hire - worldwide

**DAWSON-KEITH**

GENERATORS OF POWER

ing units are used to achieve the necessary speed and precision. The final, and somewhat repeatable process is to plate through these holes to establish the required inter-level connections. The apparent difficulty of ensuring a union of hole-plated copper and exposed wire and is overcome by selectively etching away the polyimide cover to allow plating along a small length of the curved surface of the wire.

Technograph and Telegraph, which has spent five on the two machines at Bracknell and has recently invested £5m on other process plant including a completely automatic plating line, is aiming Multiwire at those organisations that need relatively small quantities of complex boards with the minimum of delay.

It is also willing to examine the prospects of licensing other companies to use the process in-house.

The development is being led by Technograph and Telegraph as an example of the progress being made in this field and in refutation of allegations made in a recent *Lancet* survey that the UK printed circuit industry is stagnant.

The company is at the moment turning over £2m in PCBs, all of them at the quality, high technology end of the market. It is understood that this is only the first move in the campaign and that other announcements are to be expected in the coming months.

GEORGE CHARLISH



This machine has been designed to cut stencils on flexible foil boards for marking cases, barrels and panels of all shapes and sizes. There are seven models offering a choice of character sizes ranging from 2.5 mm to 38 mm. Up to 13 lines of information can be cut on a standard sheet of stencil board, the number of lines being governed by the type of machine employed. The machine is supplied by Lawtons of Liverpool, 60 Vauxhall Road, Liverpool L69 3AU (051-227 1212).

## MATERIALS

## Makes it safer

## underfoot

BECAUSE SPILLED liquids can make a normal floor surface slippery and dangerous, current health and safety legislation makes it virtually essential in many industrial workplaces.

Vulnerable areas are warehouse and factory flooring, car park ramps, subways, overbridges, steps, railway platforms, etc., all of which are subject to heavy pedestrian traffic.

An effective counter to this hazard is offered by Anti-Skid Coatings from Protective Materials, Oakcroft Road, Chesham, Surrey (01-897 3344).

This product consists of an epoxy resin based material overlaid with a high-grade bauxite aggregate which is said to be rapid and easy to lay, requiring no skilled labour and, when finished, should provide an attractive matt black appearance.

It contains an alarm, in the event of any intrusion, by means of four ultrasonic microphones of four ultrasonic microphones which continuously monitor the interior air space.

A warning is given if an arm is thrust through an open window but filters ensure that the alarm is not triggered accidentally by small disturbances such as insects, and the sensitivity is adjustable.

A built-in delay of 30-40 seconds allows for leaving the car after the device is set.

Further from MEL, Manor Royal, Crawley, West Sussex RH10 2PZ (0293 28787).

## AVIATION

## Airborne radar debut

AN AIRBORNE ASW radar currently under development for the Royal Navy's Sea King helicopters, called Sea Searcher, is making its debut at the Farnborough International Air Show (September 3-10).

This will replace the current Sea King radar system, effecting a doubling of the aircraft's search range. It is an X-band (NATO I-band) system with selectable pulse width which allows for optimisation of target detection capability in varying sea states.

The new system, along with the Royal Navy's maritime reconnaissance radar, digital scan conversion systems, aircraft landing guidance systems and airborne radio equipment, will all be shown by MEL as part of the Philips in Aviation presentation.

Further from MEL, Manor Royal, Crawley, West Sussex RH10 2PZ (0293 28787).

## SECURITY

## Thwarts car thieves

EVEN IF the doors and windows of a car are left unlocked by a thoughtless owner, an anti-theft device acts immediately to emit an alarm, says its supplier Sofare (UK), Stoke Heath, Market Drayton, Shropshire (Market Drayton 2506).

It contains an alarm, in the event of any intrusion, by means of four ultrasonic microphones which continuously monitor the interior air space.

A warning is given if an arm is thrust through an open window but filters ensure that the alarm is not triggered accidentally by small disturbances such as insects, and the sensitivity is adjustable.

A built-in delay of 30-40 seconds allows for leaving the car after the device is set.

## PACKAGING

## Strong protection

A FULLY conveyerised in-line packaging system which incorporates a shrink-wrapping technique promises greatly increased pallet protection, says Schwank, 11a St. Georges Road, London, SW19 5DR.

Specially developed for applications where large numbers of palletised goods are produced on continuous production lines, the Pack 50 system is said to offer a complete automatic in-line packaging service with a throughput capacity in excess of 70 pallets per hour.

The technique should give all round protection, particularly at the most vulnerable points—the 12 edges—where each pallet is additionally protected by a double layer of film. Because of the lower thickness film used, packaging material costs can be reduced by 20 per cent, says the company, but a much greater thickness is still provided at all corners and edges.

Further information: International Symposium and Exhibitions, Queensway House, 2, Queensway, Redhill, Surrey RH1 1QS, (0737 68611).

The exhibition is being sponsored by the British Resin Manufacturers Association whose membership comprises the major UK manufacturers of synthetic resins. It also has the support of the British Colour Makers Association and is organised by Polymers Paint and Colour Journal.

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# BOOKS

## Peering into the Murdochian mist

BY RACHEL BILLINGTON

The Sea, The Sea by Iris Murdoch. Chatto and Windus. £5.50, 501 pages.

The Iris Murdoch novel conjures up the image of a board game. The piers are the characters, moved round the board by the single hand of Miss Murdoch and revealed only throw by throw to us, the readers. The excitement arises even more from our desire to see and understand the game as a whole than from the adventures on the way.

Some might object that there is no such thing as the Murdoch novel. Each one must be approached as an individual. Yet it is meant as a compliment. Just as a Pinter play or an Ayckbourn comedy is instantly recognisable, so is a Murdoch novel. It is a mark of a kind of genius. She found her own distinctive stamp and working ground early in her writing career and after 19 novels it is relatively unchanged.

There is some development. The most obvious is that she now produces unashamedly his books: *The Sea, The Sea* is 500 while until fairly recently the books tended to hover round the 300 mark. This is, in some ways, odd as her interest in a compulsive narrative line has clearly diminished, in comparison, for example, with a work like *The Red and the Green*, where she expected to contract rather than expand. However her increased energy for the game of character manipulation has more than compensated.

*The Sea, The Sea* has as its hero one of those minor self-centred men whom we have seen

before in, for example, *The French Prince*. (The revelation of the characters from novel to novel is a bonus rather than a drawback.) In this case, Charles Arroway is a famous actor, playwright and director who has retired from his popular profession to live alone in a creepy house on the edge of the sea. This behaviour is more or less unbelievable, which would matter in any other novel, but is merely tolerated by being commanded to such an unaccustomed stretch of the imagination.

The narrative is told by Charles Arroway who starts with the intention of writing his memoirs but is persuaded by the advent of too many Murdoch-type events to make it a diary. He almost immediately interrupts himself with the most incredible, unbelieveable, and (despite the appeal of the tunning) in which he notes the excellent reception for his every meal one would be delighted if he jumped off a cliff by the end of the second page.

Luckily for the continuance of the book, he doesn't. (That fact is reserved for an Adonis with a hare lip who, like many of Miss Murdoch's notional creations — apart from Penelope in *An Ideal Husband* — never too often appear in the novel.)

Charles remains and like some evil conductor attracts all the weird characters and events which make the Murdoch novel. With such a pivotal monster there is plenty of scope for Miss Murdoch's always fascinating reflections on the nature of evil. Friends or enemies — come to him from his past, drawn out of his recollections, to us, the reader. Their appearance on his rocky shore is always unexpected, even shocking, turning the game for a moment into a ride on a ghost train.

Rosina, an actress and ex-lover, acts as a poltergeist in his house, breaking mirrors and vases before finally taking form. I could make out the darkly shadowed face, the outline of the archway, the dotted mass of the bead curtain. Then, suddenly, I saw beside the wall at the far end, between the curtain and the door of the inner room, the dark, motionless figure of a woman. My first and clear thought was that I was seeing a ghost, the ghost of the house, at last!

A later appearance from Rosina is made at the top of a gorge where she is seen in the shape of the car in which Charles is sitting with her ex-husband.

Cousin James, who is a wonderful, archetypal example of the mysterious figure with a hotline to the East which Miss Murdoch uses to such effect, makes an even more dramatic entrance. His appearance is preceded by a

noise like the Japanese wooden clappers "broshing" which suggest "to create suspense" or "announcement doom." Charles is walking through the Wallace Col,lection suffering the effects of the night before.

"I began to walk away down the gallery and as I went my bangover seemed to be turning into a sort of fainting fit. When I reached the door at the end I stopped and turned round. A eyes in the darkness, then her wet mouth opened in a sort of strangled shout, an animal cry was standing looking at me through the curiously brownish murky air. I reached out and

put out one hand on the wall. Of course I recognised him at once. It was my cousin James. The most important ghost of all, the human pivot for the book, Charles' first childhood love, Hartley, appears illuminated (like a ghost train again) by ear beat lights.

As always with Miss Murdoch's books, the fantastical appearance is meticulously routed in the possible — though, admittedly, the improbable. We are dimly aware that Charles' obsessive of human traits, there is never a cliché, seldom a repetition. Miss Murdoch seems to have an endless variety of words to describe an endless variety of people.

Rosina and Charles talk about Hartley in a masterpiece of cross currents: "Come, Charles, she is an old bag, the poor thing, you can't deny it."

### C. P. Snow is away

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Rosina and Charles talk about Hartley in a masterpiece of cross currents: "Come, Charles, she is an old bag, the poor thing, you can't deny it."



Iris Murdoch: games she plays with people

"Love doesn't think like that. All right, it's as blind as a bat."

"Bats have a radar. Yours doesn't seem to be working."

"Use your intelligence, anyone can love anyone, consider Perry's Uncle Peregrine."

"I knew you were fibbing that day I drove you to London... I knew there was something going on but I thought it was Lizzie."

"I never felt like this about Lizzie."

"Well, it had better not be Lizzie."

"It isn't, hasn't even this convinced you? I love this woman."

Characterisation is not the only noteworthy part of *The Sea, The Sea*. If the analysis seems about to become stifling, even absurd — which on occasions it does — the confrontation between characters is raised to such a pitch that the string seems likely to snap, we are suddenly whisked outside for a refreshing look at the scenery.

*The Sea, The Sea*, read alone for its evocation of the sea, the rocks, the cliffs, the flowers, the pebbles the "horrid" house where Charles lives, the suburban seaside villa in which his loveobject is ensnared, would give pleasure enough. It is particularly rare to find such patient descriptions in a modern novel. For radio and television, cinema and commercialism have undermined the pictorial confidence of the novelist. Moving pictures are supposed to do it better and briefer. Yet the geography surrounding Miss Mur-

doch's characters, not only acts as a safety-net but also greatly heightens their personalities. Perhaps the only criticism *The Sea, The Sea* merits is that it has a weak ending. We feel this to be the case as more and more of the board is revealed, and when the end finally comes, there is still disappointment. Even allowing for "the game" in which the characters have occurred in the course of the book rather than being carried forward to one big explosion (as in a thriller), it would have seemed possible to add a last

## Sporting bag

BY TREVOR BAILEY

Seldom can a more diverse collection of sporting books have been reviewed at the same time. *The Return of the Ashes* (Pelham Books, 160 pages, £5.50) is by Mike Brearley, in conjunction with Dudley Doust, an American, best known as golf correspondent for the Sunday Times. This unlikely combination has produced an unusual cricket book packed with fine and extremely well captioned photographs. Mike describes the events and his own reflections about them whom he suddenly found himself captain of England, through Tony Greig's defection to Pakistan. Under his shrewd, and pleasant, leadership the Ashes were regained. My one complaint is the brevity of the text. Without the pictures and the statistical padding, it rises to a series of well written essays than a book.

It's A Funny Game (W. H. Allen, £4.95, 231 pages) is a joyful second helping of Brian Johnston's life, which he began relating in his autobiography, *I've Been A Lot of Fun*, back in 1973. Brian, like most of the people, humour and outrageous puns, continues to chatter, and chuckle about a variety of topics, including cricket, chaos in the commentary box, personalities, and Down Your Way.

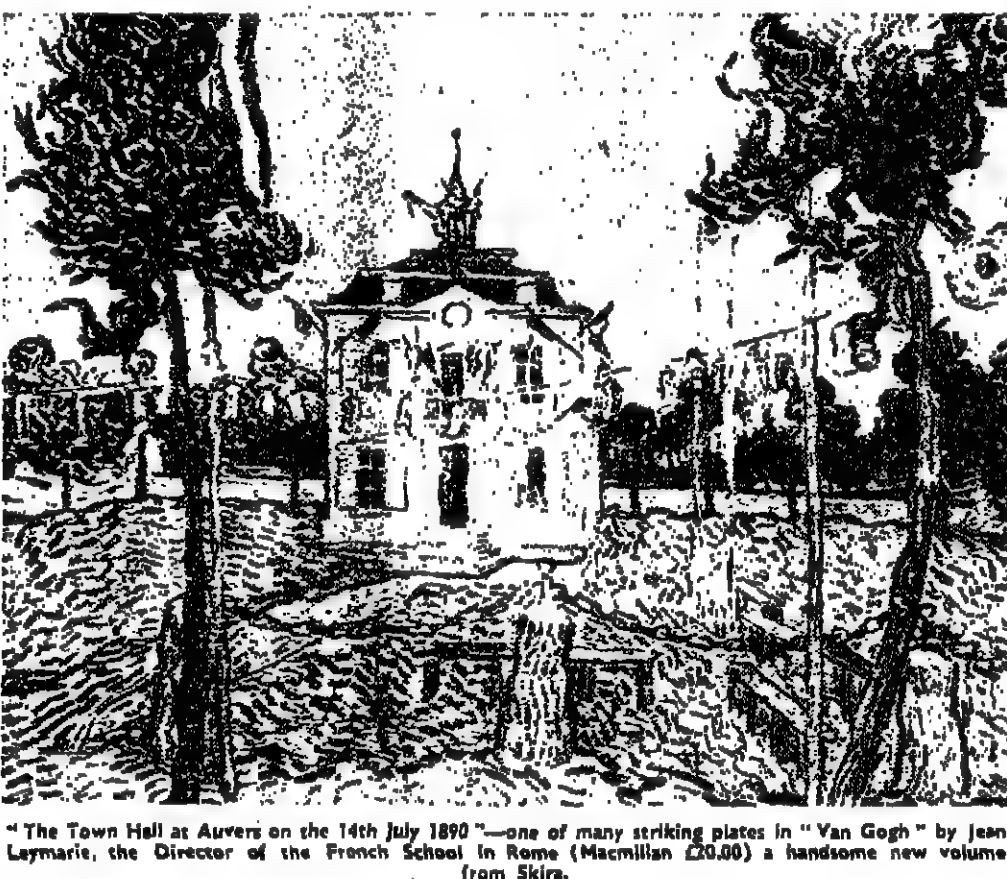
The formation of Newton Heath club 100 years ago by Mr. BRIDGLEY and continues as company secretary.

His beautiful flowing style is worthy, and reminiscent of the fine sides which have captured all the honours the game has to offer. Matt Busby, Bobby Charlton, Denis Law, George Best and Tommy Docherty are just some of the people perfectly caught, but nothing is better than Geoffrey's moving description of the Munich tragedy which left so many of the Busby Babes, who must have become their greatest team, dead and dying in the space of an airport runway. Unquestionably a football classic.

The Champions by Peter Fuller (Allen Lane, £5.50, 386 pages) is certainly a most unusual sporting book, which purports to lay bare the secret motives driving an oddly assorted group of champions, including Bobby Fisher, Muhammad Ali, Jackie Stewart, the Campbells and Lester Piggott. Because most of the outstanding sportsmen I have encountered, including some in this book, have been such transparently uncomplicated characters, there were moments when I thought it was intended to be a humorous spoof. This impression was not helped by the third paragraph on page 385, which I failed to translate probably due to some sexual frustration on my part, but which consequently baffled a further 50 people, including some seventeen sporting journalists. Is it too high to be a joke? It really is the outcome of his sublimating his castration fears? It is an interesting thought.

In Celebration of Cricket (Granada Publishing £7.50, 336 pages) has been lovingly and carefully compiled by Kenneth Greeney. He has selected some 50 masterpieces from W. G. Grace to Gary Sobers and then chosen a varied collection of writers to recapture the charm and magic of these immortals. Inevitably there has to be some unevenness in the text, but all the portraits are good and many brilliant. With writers like Cardus, Robertson Glasgow, Emileton, Altham, Swanton, Ross, Fry and Arlett — to name just a few — how could it be otherwise? There are many fine photographs and the cover paintings are by Gerry Wright who conveys his immense feel for colour and the game.

From 1890 until the Great War, which turned the world sport, cricket flourished more brightly than it has ever since. There was an abundance of personalities and great players, both amateur and professional. Large crowds flocked to see Test and County matches, and the game was becoming increasingly popular throughout the Empire, in which the sun never set. All this is conveyed in *The Golden Age of Cricket* by David Frith. Lutterworth Press, £5.50, 192 pages, an elegant pictorial history of a beautiful era. It contains 236 black and white pictures and 52 in colour. The golden men of that golden age — W. G. Trumper, Barnes, Hobbs, Ranby, First Jessop, Spofforth, are all there. It is beautifully illustrated and needs to be kept on a high shelf well away from small, grubby fingers.



"The Town Hall at Aversa on the 14th July 1890" — one of many striking plates in "Van Gogh" by Jean Leymarie, the Director of the French School in Rome (Macmillan £20.00) a handsome new volume from Skira.

## Swiss soldier

BY MARTIN SEYMOUR-SMITH

Undesirable Alien by Régis Debray. Translated from the French by Rosemary Sheed. Allen Lane, £4.25, 235 pages.

The Walnut Door by John Hersey. Macmillan, £4.95, 232 pages.

Violet Clay by Gail Godwin. Collins, £5.95, 324 pages.

Perfidy by Jill Robinson. Hutchinson, £5.50, 431 pages.

Régis Debray is probably less well known as a writer — although this is his eighth book — than he is as the fighting companion of Che Guevara in Bolivia who after Che's death, received a 30-year prison sentence, three of which he served. Before that he had been a pupil of the Marxist philosopher Louis Althusser, and Professor of Philosophy at the University of Havana.

British men of action usually fail as writers, just as British writers fail to be men of action. T. E. Lawrence and Kipling are two examples. But Germany and France abound in men who combine expertise for action with writing ability. Jünger, Montaigne, Saint-Exupéry, Malraux — and of course Debray, if only in theory, in order to judge Debray's first effort in fiction we have at least to alter our sense of context. British revolutionaries seem rather ridiculous as a whole, and one would not

bother to look at their novels. But French revolutionaries, however much we may disagree with or even hate them, are not ridiculous in the way our own modern ones are. There are no Tom Paines about — and they write better novels, even if they are not good.

No reader of this excellently translated autobiographical novel could resist comparing it with the early Malraux, and it should be said at once that it is simply not in the same class. It has competence, insight and much interest, but is nonetheless still a somewhat dialectic and intellectual self-analysis cast in fictional form. It has no innate imaginative qualities.

Frank, the Swiss hero, is very like Debray's view of himself. And it is interesting that Frank, who has a half-blinded sense of humour, is always asking the same kind of question: "Are we asked by militant anti-Marxists, when he is finally brought to book and a vital document is taken off him for 'decoding' in this novel...?"

Then is in fact much about the tragedy of South America as the result of the existential absurdities involved in taking on rigid revolutionary positions. It is a honest and sensible book, written from a remarkably detached point of view. It is instructive about what revolutionaries — genuine ones — want about their doubts, and about South America. And although Frank is Swiss, it is an excellent guide to the French temperament.

John Hersey is in the tradition of such American novelists as Sinclair Lewis (whose secretary he was) and John O'Hara — a condition of impeccable journalism, an eye for the item that will, a deepened philosophical vision which is good in itself. A American literature has produced an obsession with a certain kind of "technological" rather than imaginative craftsmanship.

Edward Hopper's beautiful picture "Rooms by the Sea."

The heroine of *Violet Clay*, also from America, is a designer of duet-jackets; but she does not have the quality of Edward Hopper. However, the point of Gail Godwin's novel is that this is what she aspires to. She spends her time designing jackets for Gothic novels; each picture is a variation of the theme of a terrified woman running from a gothic mansion.

The novel begins on what is for her a fearful day. Called to her publishers, she is sacked — on the grounds that it is photographic, not "inspired" limitations of gothic paintings, that tell this kind of fiction. One of the successful photographs is shown to her: it is of a girl actually being raped ("It was already happening. There was nothing anyone could do.") Readers will be of course miss the overtones here.

On that same day Violet visits a one-woman show by a painter who seems to her to have succeeded where she has failed.

And again on that day: she sees a call telling her that her Uncle Ambrose, a man who has never been able to complete a fictional masterpiece, has killed himself.

It is an excellent beginning, and excellently done, one feels that the "symbolism" is being strained, but that, on the contrary, this is how things really do happen. The way in which events develop is equally convincing. Gail Godwin maintains quality, dense without sacrificing quality. The mixture of past and present is skilfully handled. Only sometimes, the narrative is crowded by overwriting. The theme the author has chosen is a formidable and fundamental one: had she succeeded in doing full justice to it then she would be in the class of Dostoevski or Thomas Mann, which she is not. But this is an impressive try — and especially impressive is the first third of the novel.

## Fearful symmetry

BY K. NATWAR-SINGH

Tiger: The story of the Indian Tiger by Kallash Sankhala. Collins, £7.95, 220 pages.

Three years ago this writer gave us *Tigerland*, an excellent but limited pictorial survey of Indian wildlife. His present book is a much wider work on the Indian tiger: more lively and better documented than most on the subject.

Mr. Sankhala comes from the State of Rajasthan. He is obviously an "original" character, who has passionate feelings about the tiger and its preservation. (One is tempted to speculate what he would do if he saw a tiger mauling a man.) His credentials are impressive. He has managed some of the best game parks and sanctuaries in India, as well as the Delhi Zoo. He has done much to propagate "wildlife consciousness" in the country. He is also an excellent photographer and it is clear from the superb photographs that adorn his book, it is not easy to photograph a wild tiger.

Mr. Sankhala has achieved what few others have. He has written a readable, well-researched and informative book. He tells us that India is the only country in the world where the lion and the tiger are found together; that there are 2,040 species of birds in India, compared with 2,500 in the whole of Africa which is ten times the size of India; that tigers have a very inferior olfactory sense and are not particularly attracted by human smell but have a very sharp ear. He also has a sense of the ridiculous. While stalking wild animals with his camera, he built himself a hide-out and spends many hours there.

"Although my friends laugh at my doing so, I prefer to use a roll of toilet paper when writing notes. It provides continuity, and while writing I get a philosophical feeling of being in the jungle, of being a part of the tiger's world. It is not a long roll, but it is a man of patience and courage and has the tiger will survive. Unless the tiger will survive, the Indian Tiger in various moods. Their mating can only live a precarious habits and love talk are both existence.

starting and amusing. "On the first day of destruction the frequency of copulation is low, increasing on the third day to as many as 52 times" and to attract the attention of her lover a tigress calls out, "Aung oo oo oong" or "Aoooh aoooh aoooh aoooh aoo." Alas, Mr. Sankhala provides no translation. The tiger population of the 20th century, there were about 40,000 tigers in India. By 1960 their number was down to 2,500. In between an organised slaughter of the animal was in progress. Princes and Viceroys, British Generals and lesser fry all wanted to "bag" a tiger. They were generally successful. The skin trade was lucrative. More fundamentally the mounting pressure of population in independent India was making life difficult for the tiger. His habitat was under constant attack and shrinking. Forests were cleared for cultivation and to feed the industrial machine it was too clear that unless something drastic was done the tiger would soon become extinct. "Project Tiger" was launched in India in April, 1973 with the backing and blessing of Mrs. Indira Gandhi.

If we build political decision: India is not, as a nation, conservation-minded. Mr. Sankhala was awarded the prestigious Jawaharlal Nehru Fellowship to undertake a definitive study of the Indian tiger. Tiger shooting was banned. The skin trade was banned. Consequently the tiger population began to show slow increase. Mr. Sankhala has detractors. Some of his claims regarding the success of "Project Tiger" have been questioned: his methodology challenged; but there is no getting away from the fact that he was to some extent responsible for starting a serious national debate on the subject. This is not an insignificant achievement. His book will no doubt be a success. It deserves to be. It is a true and brave book, and it is a man of the tiger will survive. Unless the tiger will survive, the Indian Tiger in various moods. Their mating can only live a precarious habits and love talk are both existence.

### APPOINTMENTS

## Senior changes in Rowntree group

Mr. Kenneth Dixon has been appointed deputy chairman of ROWNTREE, MAKINTOSH and CO. on the retirement of a director of Mr. Albert Norton. Mr. Dixon will take over board responsibility for group personnel development, group management services, and Press and Public Relations department. Mr. D. B. Bowden and Mr. J. W. Colquhoun join the board from November 1. Mr. Bowden will become group director of operations and Mr. J. W. Colquhoun will be responsible for group policy in relation to products, research and development and quality control. In addition, the following changes in board responsibilities are announced: Mr. J. Nutter, appointed chairman of the UK confectionery division in January 1, 1978; Mr. Dixon, chairman of the European Division, succeeding Mr. Nutter from January 1, 1979; Mr. J. Mackintosh, to be director responsible for developing growth and development policy from September 1, 1978; and Mr. T. Copley, appointed chairman of the confectionery division in January 1, 1979.

Mr. R. C. Hotchkiss has been appointed to the Board of ZEPHYRUS and continues as company secretary.

Mr. David H. Probert has been appointed chairman and managing director of JOHN BETTS, the new subsidiary of the Rowntree Confectionery Group. Mr. Stephen A. Davis, Dr. Malcolm G. Day, Mr. John Elliott and Mr. Geoffrey C. White are appointed directors.

A new managing director and four appointments have been made to the Board of DREAMLAND ELECTRICAL APPLIANCES. Mr. John F. M. Coombes has become the managing director and prime the main Board are Mr. M. R. Harding (Aluminium), Mr. E. Budd (works).



Mr. John Coombes

Mr. J. Shave (technical) and Mr. G. Driscoll (marketing). All four were previous directors of the subsidiary companies Dreamland Appliances, Monogram Electric and Monogram. Mr. J. Vana has been made chairman.

Mr. A. C. Allen, previously managing director of the service division, has been appointed to the Dreamland and Monogram subsidiaries as director of service.

BRICO ENGINEERING, a member of the Associated Engineering Group, has appointed Mr. H. C. Johnson as director, filling the vacancy created by the transfer of Mr. W. Wood to another AE group company. Mr. Johnson joins Brico from Bridgeport Brass.

Mr. Alan Cox, general manager — commerce, Guest Keen and Nettlefolds, has been appointed chairman of CRYSTAL ROLLED AND RIGHT STEEL, in succession to Mr. J. G. Wilson, who has resigned from all his appointments in the GKN Group.

Mr. Leonard A. Caldwell, vice president of the FIRST PENNSYLVANIA BANK N.A., has been appointed division head of Europe, Middle East and Africa and will be based in London.

Mr. Brian W. Atkinson, Mr. Xavier Laureaux and Mr. John N. Rogers have been appointed vice-presidents of TITEX, a world corporation group in the UK.

Mr. Douglas G. Smith, manager of administration and operations in the London branch of FIRST NATIONAL BANK IN ST. LOUIS, has been elected an assistant vice-president of the bank.

Mr. G. W. Moseley, a deputy corporate director general of organisation and establishment for the Departments of the Environment, and Transport, is to succeed Mr. A. C. Allen, previously managing director of the service division, has been appointed to the Dreamland and Monogram subsidiaries as director of service.

Mr. Colin Hoyer has been appointed as director of DANIEL GREENAWAY AND SONS.

## Crimes

BY WILLIAM WEAVER

Winding Sheet by Robert Cassin. Hamish Hamilton £4.95, 222 pages.

There is a point when, in writing a thriller, the author must stop introducing new characters, plotting for more complications, and devote himself to the unravelling. Robert Cassin, in this first novel, shows that, though he writes fluently and attractively, he has not learned when that point is reached.

Matthew's Hand by Charles Larson. Collins, £2.95, 188 pages.

Inspector Pascoe's dentist casually mentions a sadistic pornography film being shown at the Carnegie Cinema. Closer to home, a man who has been seen at the cinema is described with insight and appeal.

Charles Larson, his book's cover tells us, is a TV producer, and so is the amateur sleuth of this book. The story proceeds

along two parallel "lines" one develops a tale of network infighting, the other deals with the murder for rather, murder. Both lines prove exciting. The two sets of characters — hard-bitten TV types and an embattled Mexican-American family — are totally convincing, and both settings are described with insight and appeal.

A Pluck of Soul by Reginald Hill. Collins, £3.75, 264 pages.

Inspector Pascoe's dentist casually mentions a sadistic pornography film being shown at the Carnegie Cinema. Closer to home, a man who has been seen at the cinema is described with insight and appeal.

Charles Larson, his book's cover tells us, is a TV producer, and so is the amateur sleuth of this book. The story proceeds

## At the Manse

BY ISOBEL MURRAY

The Minister's Wife by Huntley Gordon Routledge and Kegan Paul, £4.95, 216 pages.

Huntley Gordon's account of his mother's life is an act of piety in the fullest original sense. Now 80 himself, and one of an outstandingly long-lived family, he addresses himself in an account of his parents and especially his mother, who died in 1963, aged 92.

It begins as an account of his mother, Olga Constant, orphaned in India at two or three, and fostered in her English home by the time she was 10. She triumphantly withstood the traumas that should surely have resulted in an independence, wealthy young woman on holiday in Italy in 1882, she met and fell in love with Arthur Gordon, a very promising Church of Scotland minister.

The book splits over the bounds of orthodox biography in all directions. In one sense, it ought to be called "The Minister's Family" for the children, especially Huntley himself, are often central. It also becomes a social history of the successful professional Scot of the time. Arthur Gordon was no ordinary minister, but a prominent, learned and affluent Church official as well as a convinced and authoritative churchman, and a vivid account of what it was to be the minister's wife. It is a useful fragment of social history and an engaging and readable book.



**NEW YORK—DOW JONES**

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1252.4	1251.4	1251.1	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4	1252.4	1252.4	1251.4	1250.4</
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84.56	-1.8	11.26	2.7	Protes Holdings	.....	2.00	+0.01
85.00	-1.8	11.8	9.8	Rand Mines Properties	.....	2.53	+0.87
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
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85.00	-1.8	12.0	10.0	Reynold Ind	.....	2.00	+0.00
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## FARMING AND RAW MATERIALS

## U.S. hopeful on world wheat pact

CHICAGO, August 24. BOB BERGLAND, U.S. Agriculture Secretary, is optimistic that an agreement in principle will be reached in October on a new international wheat pact.

He said informal discussions have taken place with the European Economic Community on the EEC demand for price corridors—a key difference between wheat-producing nations and the EEC.

Mr. Bergland also predicted that prices at some U.S. Midwest country locations could fall to \$1.50 a bushel for harvest around \$1.95 recently. But he said it would be a temporary lull, lasting for six weeks to 10 months at most.

He explained that depressed prices would result from the grain record 1.5 billion tons a year and from having 60 per cent of the U.S. corn farmers eligible for Government subsidies because of their refusal to leave land out of production.

Mr. Bergland said it was unlikely the Community Credit Corporation would enter the market to buy corn in an attempt to bolster prices.

Mr. Bergland earlier assured Ontario farmers the Carter administration would not place rice controls on meat, sugar.

## Coffee nations to seek higher 'floor' price

By Our Commodities Staff

COFFEE PRICES fell on the London futures market yesterday despite continued hopes for a substantial increase in the 'floor' price at next month's International Coffee Council meeting.

At a meeting in Bogota, Colombia, delegates from 12 countries, including Brazil, Colombia, Costa Rica, Guatemala, El Salvador, Honduras and Venezuela, have agreed to press consumer members of the Council for a \$1.80 a lb 'floor' price under the International Coffee Agreement. The current minimum is at just over 77 cents.

The Latin American producers are to meet African producers at the ICC meeting begins in London on September 13. An Ivory Coast observer attended his week's Bogota meeting.

November coffee on the London futures market fell \$1.5 to 1.485 a tonne yesterday amid continuing confusion about the true extent of the frost damage done to the Brazilian crop.

## Spain to defy EEC fish curbs

By Robert Graham

MADRID, August 24.

TRAWLERS of Spain's 500-odd northern fishing fleet have decided to defy restrictions imposed on their fishing activities in EEC waters. The move follows a meeting between representatives of the trawler owners and Government officials at the Spanish Transport Ministry today, and appears to have full Government support.

Community restrictions came into effect on August 22 and on orders from the Transport Ministry all vessels of the fleet have returned to port by the beginning of this week.

After the meeting, trawlers said that they would now be instructing their vessels to return to their traditional fishing grounds from this afternoon. They said they had received assurances of Government economic and legal assistance in defying Community restrictions.

The inference is that the Spanish Government will pay the legal costs of those vessels fined for contravening the Community licence quotas for fishing within territorial water limits, and in addition that Spain will reimburse those owners whose nets and equipment are confiscated by foreign courts. As it is, the Government is believed to have been operating a secret fund for some months whereby owners' fines in foreign courts—essentially Britain, France and Ire-

land—have been reimbursed. Spain has been taken by surprise by the reaction of the fishermen based in Galicia and along the Basque coast who have strongly resisted the 12 licences granted to the fleet to fish in Community waters. Over 500 vessels provide more than 30,000 families with their livelihoods which are now directly at stake.

Although the Government has had 15 months warning of the Community's intention to enforce strict new quotas, it has done little to come to terms with the new situation. The leading liberal daily, El Pais, commented this morning that the Government had excelled itself by its absence of policy. Originally Spain had hoped to obtain about 250 licences from Brussels.

The Government's backing to defy the restrictions appears to be motivated both by the need to appease the fishing lobby (which is well represented in Parliament) and by an effort to strengthen its bargaining position with the Community. New talks on the subject are scheduled to begin in Brussels on September 1.

The vessels are not expected to leave port until after the weekend. The main area where they are likely to return is the western Atlantic, and what is Irish territorial waters.

## Say 'no' to milk board, farmers told

By Christopher Parkes

THE MILK Marketing Board yesterday announced its plans for the vital poll of dairy farmers which will determine the board's future.

Farmers Weekly this morning published an article urging dairy farmers to vote against continuation of the MMB.

The Ministry of Agriculture was taken aback by the tone of the article, which was written by Mr. Richard Poole, beef and sheep farmer from Ilfracombe, Devon.

Mr. Richard Butler, deputy president of the National Farmers' Union commented: "The NFU expects its members to vote in favour of the board and is doing everything it can to encourage them to do so."

Mr. Poole said yesterday that British farmers would be "stupid" to vote in favour of the boards because such a vote would imply support for the Government's tactics of keeping control over agricultural policy and depriving farmers of the full benefits—including higher prices—to be gained from the Common Agricultural Policy.

The Ministry experts Mr. Poole's dissenting voice to be drowned by the outcry from dairy farmers, and described his view as "surprising."

Polling papers will be sent to all registered milk producers on October 24. The farmers will be asked if they agree to the MMB continuing under the new EEC rules.

## COYPU ATTACK POTATO CROP

COYPU, THE South American rodents that burrow into river banks and damage farm crops, have been moving inland during the summer and attacking potato crops.

Coypu Control, set up to stamp out the pest, caught \$22 in Norfolk and Suffolk last month and said it was yesterday that the animals appeared to be moving away from the marshes and seeking food inland.

## FRUIT MARKETS

The Covent Garden Tenants' Association warned yesterday that the public could not be allowed to buy fruit and vegetables in New Covent Garden Market at Nine Elms. Only wholesale trading is permitted and sales to the public are forbidden by the Covent Garden Market Act of 1920.

The association advised consumers to shop around to find retailers passing on the price reductions caused by heavy supplies of fresh foodstuffs.

## GRAIN MARKETING

## Barley surplus fears grow

By John Cherrington, Agriculture Correspondent

FARMERS, who have been growing an increasing acreage of the new varieties of winter barley are finding that it is materially increasing their yields. So much so that one pioneer grower told me that he feared that if his example was followed by a majority of growers, as has already happened in other European countries, there could soon be a disposal problem.

He is far from being the only one. In France the grain producers' organisation is, according to Agra Europe, pressing the Brussels Commission to do something about limiting the imports of manure, which for the current year has reached a level of 5m tonnes. This tonnage represents, it is claimed, the equivalent of 7m tonnes of barley. Because manure only carries a low import levy of 6 per cent it is priced very much below Community grain price levels, which are kept up by intervention buying and import levies of 50 per cent or more.

Manure, or cassava, is the product of the Tapioca root, and is widely grown for human food in the tropics. But the main export of cassava is to Thailand and Indonesia. The main purchasers are Dutch and German interests who have invested large sums in processing facilities in the producing countries. The UK has been purchasing cassava for a long time for that matter, but because of the relative weakness of sterling and the franc the strong currency

are also more competitive buyers. Manure imports into the EEC were fairly static at around the 3m tonne mark for several years. But it is generally believed that the increasing costs of Community cereals will substantially stimulate long term investment in increasing production.

The attraction of manure, as opposed to barley, is illustrated by the price difference between the two feeds. Manure at present is costing European compounders between £60 and £70 per tonne, while barley prices expressed in sterling terms vary from 175 to 185 in the UK, to £191 in France, £198 in Holland and £105 in Germany. Some manure which has been imported into the UK to make what is called a cereal ration, according to the grain trade increasing quantities are being used in Britain, particularly by the larger compounders.

## Intervention

So far the smaller compounders, and "home-mixers," have not been buyers. However, once the price attraction and feed value of manure has been understood, these buyers too will be interested.

Manure is not the only cause for growers' anxiety. Certain other feeds, bran and maize products are allowed in either duty or tariff or both. Farmers have been making extensive use of them to the exclusion of cereals. There

are also other substances such as olive pits which can be included in compounds without detriment and which help to displace the traditional cereals.

The 6 per cent levy on manure was fixed as an aid to developing countries such as Thailand. So it is difficult to see how the Community can alter this sufficiently to assist the European cereal growers without tarnishing its image. The argument is also used that EEC farmers have intervention to support their barley prices so that they have little to worry about.

This is quite true and indeed the possibility of intervention has been sufficient to maintain prices with remarkably little going into store. In Britain only 20,000 tonnes were to be disposed of last year. Cereal growers point out that the cost of exporting surplus barley and wheat is becoming substantial.

The EEC budget figure for 1977 for cereal and rice amounted to 743m Units of Account (some £300m), and it is possible that this figure will be substantially exceeded.

With this year's harvest hardly begun the barley market is already being sustained by intervention and the export trade. Some 2m tonnes were exported from Britain last year, and substantial quantities are already being shipped from South coast ports. It is just as well that this outlet exists, because there is considerable pressure to use feed barley, and the fact that there is no storage room, an indication of a good yield, and the fact that

the larger compounders are not shifting home grown barley to the extent expected.

Most of the exported barley is believed to be going to fill other EEC stores, thanks to shippers taking advantage of the Monetary Compensation anomalies. Some will eventually be sent to third countries with export restitutions which accord with French sources cost of £200 a fund 550 per tonne last year.

## Yields rise

The barley problem has been aggravated by the increasing production of high yielding feed wheats which compounders will buy in preference to barley. So without the export trade the position in Britain for barley would be particularly bad.

Looking further ahead growers' anxieties are well justified. New techniques learnt from the Continent, and improved fungicides are making wheat yields rise.

Unheard of a few years ago, already yields of four tonnes an acre of wheat are the target and approaching that for barley—double the present levels. There is no reason to doubt that such a target is within reach. The yields will be made.

But if the increase is in those varieties only suitable for animal feed, which seems to be best suited for high yields, there is every reason to believe that embattled grain mountaineers are not far beyond the horizon.

## Export openings in Europe for UK lamb

By Our Commodities Staff

THERE IS no need for sheep production to be the "Cinderella" of the farming industry, says a report published this morning by the West of Scotland Agricultural College. There is a potential export market in Europe which UK farmers could exploit because they have "an edge over EEC competitors in enterprise structure and technical ability."

Exports now account for 20 per cent of national mutton and lamb output and the development of this trade will need to be carefully managed, the authors say. But they add, "a relatively small increase in demand per head is well worth pursuing."

Another significant advantage of sheep farming is that it is not prone to the "boom and bust" of the "political" problems—surpluses—which affect other sectors of the livestock industry.

which published the report, notes that between 1966 and 1977 per capita consumption of lamb in the UK fell by more than a third. And it warns that if the EEC Commission's proposals for a common market regime governing trade in lamb are implemented, competition may be depressed further.

"Free trade within the Community would lead to a marked increase in UK prices either in the short term or more gradually if trade barriers were removed over a transitional period," the report states.

Promising export markets are to be found in Benelux, Germany, France and Italy—all net importers of lamb. French consumption has risen from 2.6 kilos a head in 1960 to 3.2 kilos last year.

Consumption in Germany and Italy averages only 1 kilo a head, and 2 kilos in the Benelux group, but it is rising steadily. The authors stress that the

export markets can be developed by British farmers, who account for 45 per cent of Community production, market "the right type of sheep in the right quantities and at the right time."

Reviewing lowland lamb production last year, the report says the flocks studied gave "reasonable" returns. In England and Wales there was a 32 per cent increase in the number of ewes kept on for breeding. This

was limited to only 2 per cent in Scotland where there was an overall decline in the breeding ewe flock of 1 per cent.

Longer-term prospects were difficult to assess because of uncertainties about policy in the EEC.

An assessment of Lowland and Welsh production by the West of Scotland Agricultural College, Auchincruive, Ayr.

## Tea duty compensation sought

By Our Own Correspondent NEW DELHI, August 24.

THE ASSAM State Government has asked the Central Government for Rs 280m as compensation for loss of revenue last year (1977-78) due to the export duty on tea.

Mr. Golap Borbor, the Assam Chief Minister, said the State has reduced the assessable profit of tea companies, by Rs 730m and

the State lost Rs 280m of revenue. Last year, the Central Government imposed an export duty of five rupees per kg to mop up part of the profit earned from high world prices.

The tea industry has been complaining that the export duty has reduced its competitiveness now that world prices have fallen.

## COMMODITY MARKET REPORTS AND PRICES

## BASE METALS

COPPER—Barely changed on the London futures market. Forward metal price at 100 reflecting the steady advance in New York market. Hedges offing then saw the price ease back to 100, but recovery that South African group created the Zambian border caused price to lift to 100. In the afternoon, copper fell to 99.50.

LEAD—Futures market fell 0.50 to 99.50. In the afternoon, lead fell to 99.00.

ZINC—Futures market fell 0.50 to 99.50. In the afternoon, zinc fell to 99.00.

ALUMINUM—Futures market fell 0.50 to 99.50. In the afternoon, aluminum fell to 99.00.

NICKEL—Futures market fell 0.50 to 99.50. In the afternoon, nickel fell to 99.00.

IRON—Futures market fell 0.50 to 99.50. In the afternoon, iron fell to 99.00.

STEEL—Futures market fell 0.50 to 99.50. In the afternoon, steel fell to 99.00.

COAL—Futures market fell 0.50 to 99.50. In the afternoon, coal fell to 99.00.

WHEAT—Futures market fell 0.50 to 99.50. In the afternoon, wheat fell to 99.00.

BARLEY—Futures market fell 0.50 to 99.50. In the afternoon, barley fell to 99.00.

MAIZE—Futures market fell 0.50 to 99.50. In the afternoon, maize fell to 99.00.

RUBBER—Futures market fell 0.50 to 99.50. In the afternoon, rubber fell to 99.00.

COCAOA—Futures market fell 0.50 to 99.50. In the afternoon, cocoa fell to 99.00.

SILVER—Futures market fell 0.50 to 99.50. In the afternoon, silver fell to 99.00.

GOLD—Futures market fell 0.50 to 99.50. In the afternoon, gold fell to 99.00.

CRUDE OIL—Futures market fell 0.50 to 99.50. In the afternoon, crude oil fell to 99.00.

NATURAL GAS—Futures market fell 0.50 to 99.50. In the afternoon, natural gas fell to 99.00.

HEATING OIL—Futures market fell 0.50 to 99.50. In the afternoon, heating oil fell to 99.00.

DIESEL OIL—Futures market fell 0.50 to 99.50. In the afternoon, diesel oil fell to 99.00.

AVIATION KEROSENE—Futures market fell 0.50 to 99.50. In the afternoon, aviation kerosene fell to 99.00.

JET A-1—Futures market fell 0.50 to 99.50. In the afternoon, jet A-1 fell to 99.00.

AVIATION TURBOJET FUEL—Futures market fell 0.50 to 99.50. In the afternoon, aviation turbojet fuel fell to 99.00.

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## COMMODITY MARKET REPORTS AND PRICES

## COFFEE

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## OFFSHORE AND OVERSEAS FUNDS

## INSURANCE AND PROPERTY BONDS

## NOTES

**P**rices do not include \$ premium, except where indicated, and are in pence unless otherwise indicated. **V**ields % shown in last column are for all classes of business. **A** offered price includes all expenses. **B** Total price = **A** yield based on offer. **C** Indicated at 7-day's opening price. **D** Distribution free of tax cases. **E** Portfolio management arrangement. **S** Single premium insurance. **O** Offered price includes all expenses except agent's commission. **N** Offered price includes all expenses if bought through member. **P** Premium day's price. **U** Net of tax on realized capital gains unless indicated by G or T. **T** Twenty years. **S** Suspended.







## INDUSTRIALS—Continued

## INSURANCE—Continued

## PROPERTY—Continued

## INV. TRUSTS—Continued

## FINANCE, LAND—Continued

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Head Office: Osaka, Japan

## MINES—Continued

Stock	Price	Div	Yield	Cr	TM
Anglo American	176	0.00	0.00	1.3	2.2
De Beers	176	0.00	0.00	1.3	2.2
Gold Fields	176	0.00	0.00	1.3	2.2
Impresso	176	0.00	0.00	1.3	2.2
Platinum	176	0.00	0.00	1.3	2.2
Roan Antelope	176	0.00	0.00	1.3	2.2
Transvaal	176	0.00	0.00	1.3	2.2
Wentworth	176	0.00	0.00	1.3	2.2
Witwatersrand	176	0.00	0.00	1.3	2.2

## AUSTRALIAN

Stock	Price	Div	Yield	Cr	TM
Anglo American	176	0.00	0.00	1.3	2.2
De Beers	176	0.00	0.00	1.3	2.2
Gold Fields	176	0.00	0.00	1.3	2.2
Impresso	176	0.00	0.00	1.3	2.2
Platinum	176	0.00	0.00	1.3	2.2
Roan Antelope	176	0.00	0.00	1.3	2.2
Transvaal	176	0.00	0.00	1.3	2.2
Wentworth	176	0.00	0.00	1.3	2.2
Witwatersrand	176	0.00	0.00	1.3	2.2

## TINS

Stock	Price	Div	Yield	Cr	TM
Anglo American	176	0.00	0.00	1.3	2.2
De Beers	176	0.00	0.00	1.3	2.2
Gold Fields	176	0.00	0.00	1.3	2.2
Impresso	176	0.00	0.00	1.3	2.2
Platinum	176	0.00	0.00	1.3	2.2
Roan Antelope	176	0.00	0.00	1.3	2.2
Transvaal	176	0.00	0.00	1.3	2.2
Wentworth	176	0.00	0.00	1.3	2.2
Witwatersrand	176	0.00	0.00	1.3	2.2

## COPPER

Stock	Price	Div	Yield	Cr	TM
Anglo American	176	0.00	0.00	1.3	2.2
De Beers	176	0.00	0.00	1.3	2.2
Gold Fields	176	0.00	0.00	1.3	2.2
Impresso	176	0.00	0.00	1.3	2.2
Platinum	176	0.00	0.00	1.3	2.2
Roan Antelope	176	0.00	0.00	1.3	2.2
Transvaal	176	0.00	0.00	1.3	2.2
Wentworth	176	0.00	0.00	1.3	2.2
Witwatersrand	176	0.00	0.00	1.3	2.2

## MISCELLANEOUS

Stock	Price	Div	Yield	Cr	TM
Anglo American	176	0.00	0.00	1.3	2.2
De Beers	176	0.00	0.00	1.3	2.2
Gold Fields	176	0.00	0.00	1.3	2.2
Impresso	176	0.00	0.00	1.3	2.2
Platinum	176	0.00	0.00	1.3	2.2
Roan Antelope	176	0.00	0.00	1.3	2.2
Transvaal	176	0.00	0.00	1.3	2.2
Wentworth	176	0.00	0.00	1.3	2.2
Witwatersrand	176	0.00	0.00	1.3	2.2

## NOTES

Stock	Price	Div	Yield	Cr	TM
Anglo American	176	0.00	0.00	1.3	2.2
De Beers	176	0.00	0.00	1.3	2.2
Gold Fields	176	0.00	0.00	1.3	2.2
Impresso	176	0.00	0.00	1.3	2.2
Platinum	176	0.00	0.00	1.3	2.2
Roan Antelope	176	0.00	0.00	1.3	2.2
Transvaal	176	0.00	0.00	1.3	2.2
Wentworth	176	0.00	0.00	1.3	2.2
Witwatersrand	176	0.00	0.00	1.3	2.2

## TEAS

Stock	Price	Div	Yield	Cr	TM
Anglo American	176	0.00	0.00	1.3	2.2
De Beers	176	0.00	0.00	1.3	2.2
Gold Fields	176	0.00	0.00	1.3	2.2
Impresso	176	0.00	0.00	1.3	2.2
Platinum	176	0.00	0.00	1.3	2.2
Roan Antelope	176	0.00	0.00	1.3	2.2
Transvaal	176	0.00	0.00	1.3	2.2
Wentworth	176	0.00	0.00	1.3	2.2
Witwatersrand	176	0.00	0.00	1.3	2.2

## CENTRAL RAND

Stock	Price	Div	Yield	Cr	TM
Anglo American	176	0.00	0.00	1.3	2.2
De Beers	176	0.00	0.00	1.3	2.2
Gold Fields	176	0.00	0.00	1.3	2.2
Impresso	176	0.00	0.00	1.3	2.2
Platinum	176	0.00	0.00	1.3	2.2
Roan Antelope	176	0.00	0.00	1.3	2.2
Transvaal	176	0.00	0.00	1.3	2.2
Wentworth	176	0.00	0.00	1.3	2.2
Witwatersrand	176	0.00	0.00	1.3	2.2

## EASTERN RAND

Stock	Price	Div	Yield	Cr	TM
Anglo American	176	0.00	0.00	1.3	2.2
De Beers	176	0.00	0.00	1.3	2.2
Gold Fields	176	0.00	0.00	1.3	2.2
Impresso	176	0.00	0.00	1.3	2.2
Platinum	176	0.00	0.00	1.3	2.2
Roan Antelope	176	0.00	0.00	1.3	2.2
Transvaal	176	0.00	0.00	1.3	2.2
Wentworth	176	0.00	0.00	1.3	2.2
Witwatersrand	176	0.00	0.00	1.3	2.2

## FAR WEST RAND

Stock	Price	Div	Yield	Cr	TM
Anglo American	176	0.00	0.00	1.3	2.2
De Beers	176	0.00	0.00	1.3	2.2
Gold Fields	176	0.00	0.00	1.3	2.2
Impresso	176	0.00	0.00	1.3	2.2
Platinum	176	0.00	0.00	1.3	2.2
Roan Antelope	176	0.00	0.00	1.3	2.2
Transvaal	176	0.00	0.00	1.3	2.2
Wentworth	176	0.00	0.00	1.3	2.2
Witwatersrand	176	0.00	0.00	1.3	2.2

## O.F.S.

Stock	Price	Div	Yield	Cr	TM
Anglo American	176	0.00	0.00	1.3	2.2
De Beers	176	0.00	0.00	1.3	2.2
Gold Fields	176	0.00	0.00	1.3	2.2
Impresso	176	0.00	0.00	1.3	2.2
Platinum	176	0.00	0.00	1.3	2.2
Roan Antelope	176	0.00	0.00	1.3	2.2
Transvaal	176	0.00	0.00	1.3	2.2
Wentworth	176	0.00	0.00	1.3	2.2
Witwatersrand	176	0.00	0.00	1.3	2.2

## FINANCE

Stock	Price	Div	Yield	Cr	TM
Anglo American	176	0.00	0.00	1.3	2.2
De Beers	176	0.00	0.00	1.3	2.2
Gold Fields	176	0.00	0.00	1.3	2.2
Impresso	176	0.00	0.00	1.3	2.2
Platinum	176	0.00	0.00	1.3	2.2
Roan Antelope	176	0.00	0.00	1.3	2.2
Transvaal	176	0.00	0.00	1.3	2.2
Wentworth	176	0.00	0.00	1.3	2.2
Witwatersrand	176	0.00	0.00	1.3	2.2

## DIAMOND AND PLATINUM

Stock	Price	Div	Yield	Cr	TM
Anglo American	176	0.00	0.00	1.3	2.2
De Beers	176	0.00	0.00	1.3	2.2
Gold Fields	176	0.00	0.00	1.3	2.2
Impresso	176	0.00	0.00	1.3	2.2
Platinum	176	0.00	0.00	1.3	2.2
Roan Antelope	176	0.00	0.00	1.3	2.2
Transvaal	176	0.00	0.00	1.3	2.2
Wentworth	176	0.00	0.00	1.3	2.2
Witwatersrand	176	0.00	0.00	1.3	2.2

## OPTIONS

Stock	Price	Div	Yield	Cr	TM
Anglo American	176	0.00	0.00	1.3	2.2
De Beers	176	0.00	0.00	1.3	2.2
Gold Fields	176	0.00	0.00	1.3	2.2
Impresso	176	0.00	0.00	1.3	2.2
Platinum	176	0.00	0.00	1.3	2.2
Roan Antelope	176	0.00	0.00	1.3	2.2
Transvaal	176	0.00	0.00	1.3	2.2
Wentworth	176	0.00	0.00	1.3	2.2
Witwatersrand	176	0.00	0.00	1.3	2.2

## 3-month Call Rates

Stock	Price	Div	Yield	Cr	TM
Anglo American	176	0.00	0.00	1.3	2.2
De Beers	176	0.00	0.00	1.3	2.2
Gold Fields	176	0.00	0.00	1.3	2.2
Impresso	176	0.00	0.00	1.3	2.2
Platinum	176	0.00	0.00	1.3	2.2
Roan Antelope	176	0.00	0.00	1.3	2.2
Transvaal	176	0.00	0.00	1.3	2.2
Wentworth	176	0.00	0.00	1.3	2.2
Witwatersrand	176	0.00	0.00	1.3	2.2

## A selection of Options traded is given on the London Stock Exchange Report page

## RECENT ISSUES AND "RIGHTS" PAGE 30

## This service is available to every company listed in the Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

## REGIONAL MARKETS

Stock	Price	Div	Yield	Cr	TM
Anglo American	176	0.00	0.00	1.3	2.2
De Beers	176	0.00	0.00	1.3	2.2
Gold Fields	176	0.00	0.00	1.3	2.2
Impresso	176	0.00	0.00	1.3	2.2
Platinum	176	0.00	0.00	1.3	2.2
Roan Antelope	176	0.00	0.00	1.3	2.2
Transvaal	176	0.00	0.00	1.3	2.2
Wentworth	176	0.00	0.00	1.3	2.2
Witwatersrand	176	0.00	0.00	1.3	2.2

## A selection of Options traded is given on the London Stock Exchange Report page

## INDUSTRIALS—Continued

Stock	Price	Div	Yield	Cr	TM
Anglo American	176	0.00	0.00	1.3	2.2
De Beers	176	0.00	0.00	1.3	2.2
Gold Fields	176	0.00	0.00	1.3	2.2
Impresso	176	0.00	0.00	1.3	2.2
Platinum	176	0.00	0.00	1.3	2.2
Roan Antelope	176	0.00	0.00	1.3	2.2
Transvaal	176	0.00	0.00	1.3	2.2
Wentworth	176	0.00	0.00	1.3	2.2
Witwatersrand	176	0.00	0.00	1.3	2.2

## INSURANCE—Continued

Stock	Price	Div	Yield	Cr	TM
Anglo American	176	0.00	0.00	1.3	2.2
De Beers	176	0.00	0.00	1.3	2.2
Gold Fields	176	0.00	0.00	1.3	2.2
Impresso	176	0.00	0.00	1.3	2.2
Platinum	176	0.00	0.00	1.3	2.2
Roan Antelope	176	0.00	0.00	1.3	2.2
Transvaal	176	0.00	0.00	1.3	2.2
Wentworth	176	0.00	0.00	1.3	2.2
Witwatersrand	176	0.00	0.00	1.3	2.2

## PROPERTY—Continued

Stock	Price	Div	Yield	Cr	TM
Anglo American	176	0.00	0.00	1.3	2.2
De Beers	176	0.00	0.00	1.3	2.2
Gold Fields	176	0.00	0.00	1.3	2.2
Impresso	176	0.00	0.00	1.3	2.2
Platinum	176	0.00	0.00	1.3	2.2
Roan Antelope	176	0.00	0.00	1.3	2.2
Transvaal	176	0.00	0.00	1.3	2.2
Wentworth	176	0.00	0.00	1.3	2.2
Witwatersrand	176	0.00	0.00	1.3	2.2

## INV. TRUSTS—Continued

Stock	Price	Div	Yield
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Friday August 25 1978

BELL'S  
SCOTCH WHISKY  
BELL'STHE COMPLETE CONSTRUCTION SERVICE  
FOR INDUSTRY  
Great people to build with  
**Henry Boot**  
Henry Boot Construction Limited  
London 01-373 8494, Sheffield 0246 410111UN action call likely  
after Zambia raid

BY BERNARD SIMON

JOHANNESBURG, August 24.

DR. KURT WALDHEIM, the UN Secretary-General, and the five Western powers which negotiated the Namibian independence plan are expected to be asked urgently to intervene following the most serious clash for some time between South African troops and SWAPO guerrillas based in Zambia.

Defence headquarters in Pretoria confirmed today that South African troops crossed into Zambia in a raid following the bombardment yesterday of military positions in Northern Namibia in which nine of their troops were killed and ten wounded.

Major-General Jannie Geldenhuys, South Africa's commander in Namibia, refused to comment on Zambia accusations that South African jet fighters had strafed civilian targets inside Zambia, hitting a school, but he did say that damage was inflicted on Zambian army positions.

According to Major-General Geldenhuys, several corpses of SWAPO guerrillas were brought out of Zambia after the South Africans had "mopped up" SWAPO positions.

Journalists in Katima Mulilo—the target of yesterday's bombardment—reported seeing the bodies of at least 18 SWAPO guerrillas displayed.

The rocket and artillery attack from Zambia on the mess which housed the dead and wounded South Africans was apparently only one of a number of incidents on the Zambia-Namibia border yesterday.

It was also reported that rockets fired from Zambia narrowly missed the helicopter carrying the South African Administrator-General, Mr. Sleyen, when he arrived at Katima Mulilo to inspect the damage from the earlier attack.

The South African Government's concern at the effects of the Katima Mulilo attack on the Western countries' plan for Namibia's independence was expressed tonight by Mr. John Vorster, the Prime Minister.

Mr. Vorster said that the attack once again emphasised the urgent need for the UN Secretary-General to convene the Security Council and particularly the five Western powers finally to insist on SWAPO making a swift choice

between a peaceful solution for Namibia and violence.

Referring to reports of South African attacks on Zambian civilian targets, Mr. Vorster said: "A responsibility also rests upon those countries which make their territory available to SWAPO for its operations. These operations lead to casualties among their own people as well."

Mr. Vorster added that "there are indications that it may be possible that the Zambian Government was not officially involved in the latest incident."

Although the latest flare-up of hostilities comes at a critical time in the negotiations on Namibian independence, it is considered unlikely that it will have much effect on the implementation of the Western independence plan.

It is felt that too much is at stake for both South Africa and SWAPO for either to use the Katima Mulilo affair as a pretext for withdrawing from the plan.

Observers fear, however, that a continuation of hostilities could lead to an escalating chain reaction with unpredictable results.

## State 'should open the books'

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A CALL for the National Enterprise Board and the British National Oil Corporation to be forced to open their books for Parliamentary inspection was issued yesterday.

The proposal, which has been firmly resisted by Whitehall departments as far as the Enterprise Board is concerned, would involve the Comptroller and Auditor-General having "untrammelled access" to the books of the two organisations.

This is the third report to be issued within a month by Commons select committees of back bench MPs calling for increased Parliamentary scrutiny of Government departments and State-owned agencies.

Two days ago, the Commons' expenditure committee called for an overhaul of the public accounts system to make it easier for Parliament and the public to see how Government money is spent. Earlier, the committee on procedure proposed that select committees should be set up for each Government department to make Parliamentary scrutiny of Government business more straightforward.

Yesterday, Mr. Edward Du Cane, the senior Conservative MP who is chairman of the public accounts committee, said: "There is a great change of opinion among back benchers who feel that the power of the executive has become too great and that new machinery is needed to control it and to make Government more accountable and more efficient."

He saw his committee's report on the two State agencies as a major step forward in the debate which has centred since the first post-war nationalisations of industries such as coal and rail about how such businesses should be accountable to Parliament.

The newly-established "entrepreneurial style of activity" brought into State ownership through the two agencies meant that there had to be an effective method of accountability to Parliament as well as entrepreneurial and commercial freedom for the chairmen of the agencies.

But, yesterday's report failed to spell out precisely what procedures should be used to give Sir Douglas Hensley, Comptroller-General, access to the two agencies' books. Mr. Du Cane said it would be the same freedom of access as that of commercial auditors. Without more information, the committee was "just spluttering the whole of the NES with buckshot" when it prepared its questions.

The Department of Industry was criticised for being too close to the board by Mr. Du Cane and by Mr. Hugh Jenkins, a Labour MP member of the committee. Mr. Jenkins thought the department seemed to regard itself as "an ally and confidante" of the enterprise Board rather than an "instrument of control."

Mr. Du Cane said that Sir Peter Carey, the department's permanent secretary, and Sir Leslie Murphy, chairman of the enterprise Board had seemed "very close allies" when they appeared together at one of the committee's hearings.

The Government will respond in the autumn to the committee's proposal in the form of a Treasury minute.

While an autumn general election might delay this, it is unlikely to change the committee's interest in the subject, because Conservative and Labour MPs, perhaps for different reasons, have shown interest in getting to grips with Whitehall departments and agencies involved.

## Pan Am chief puts case for merger

BY JOHN WYLES

NEW YORK, August 24.

PAN AMERICAN World Airways formally asked the Civil Aeronautics Board to approve its proposed \$300m acquisition of National Airlines.

At the same time Mr. William Seawell, Pan Am's chairman, outlined some of the arguments in favour of the merger before a Senate subcommittee.

The merger proposal, announced late yesterday, raises the prospect of one of the most important airline realignments in the past 30 years.

Pan Am's position as the leading U.S. international carrier could be strengthened by National's domestic route structure linking 49 U.S. cities.

Within the U.S. the combined airline could emerge as a formidable force, posing competitive problems for airlines such as Eastern and Delta.

Such developments, however, are contingent upon Civil Aeronautics Board approval for the merger.

Mr. Seawell, speaking to the Senate subcommittee, considered legislation to liberalise entry into the highly competitive North Atlantic market, claimed that a domestic route structure was needed to cushion some of the impact of the competition in the international market from government subsidies.

He raised the possibility that lower profits would be made by Pan Am and National, but because of subsidies being received by other airlines and said that, as a result, Pan Am planned to prune its services and discontinue several routes.

In these circumstances, the financial strength of the two rivals and the attitude of National could well tilt the scale in favour of Pan Am.

With Pan Am ready to pay \$35 shares in cash, National's stock rose \$3½ this morning to \$33½.

● Texas International Airlines convertible Eurobonds—issued only a week ago—moved around sharply yesterday on the news of the Pan Am bid for National.

See Page 24

## Phone dispute cost Post Office £10m

BY JOHN LLOYD

THE Post Office Engineering equipment, idle in nine sorting offices, was effectively settled on August 15.

After causing widespread disruption to the country's telephone service, the cost of the Post Office dispute was £10m.

That compares with the business's income of about £3bn last year and profit of £325.5m.

Most of the cost is revenue lost from the 130,000 prospective subscribers not connected as a result of the union's blocking of new equipment, which went on for ten months. The backlog is expected to take at least six months to clear.

Installing a new home telephone brings the Post Office about £70 in the first year, and about 100,000 new connections are assumed to have been delayed by an average of about a year.

Further revenue was lost because 800 private business circuits were not connected. Each might yield anything from £10 to £10,000 a year.

Exchange equipment worth £50m is still idle in exchanges, and a fifth is required immediately. The Post Office has had to pay interest charges of about 10 per cent on the equipment.

The same is true of the £4m worth of mail mechanisation

approval of the merger was being sent to the Civil Aeronautics Board today, along with an application for permission to boost its holding of National stock from the present 4.8 per cent to 25 per cent.

The application is designed to secure equal treatment with Texas International Airlines, which started a bid for control of National in early July and was last week given Civil Aeronautics Board permission to acquire up to 25 per cent in National, provided the stock was kept in a non-voting trust.

The aeronautics board is already appointing an administrative law judge to investigate Texas International's take-over bid and is expected to appoint another judge to hear Pan Am's case.

It is conceivable that the board could then receive separate recommendations that both Texas International and Pan Am be allowed to acquire National.

In these circumstances, the financial strength of the two rivals and the attitude of National could well tilt the scale in favour of Pan Am.

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The same is true of the £4m worth of mail mechanisation

THE LEX COLUMN

## Prices harden for Blue Circle

Although Blue Circle's first half figures are a shade disappointing, with a 11m decline to £21.3m at the pre-tax level, it now looks certain that a substantial improvement will show through in the second six months. The major factor is a wave of price rises across the world taking effect, by coincidence, in June: the mark-ups range from 10 per cent in the UK and 12 per cent in South Africa to 30 per cent in Nigeria.

Moreover demand has tended to pick up a little, certainly in the UK where after a poor first quarter the group still expects to raise its deliveries for the full year, with industry figures showing a rise of over 4 per cent in the three months to July.

In South Africa, too, there is some recovery in demand. But prospects for exports from the UK are less bright, for having lost shipments of 150,000 tonnes through industrial troubles in Germany and July the group is pessimistic about exceeding first half delivery levels.

Even in the first six months UK trading profits edged up by £1.4m, despite a flat delivery picture and a claimed loss of revenue of £2.8m due to delays in implementing the price rises following the Price Commission investigation. It was a fall of almost £2m in the contribution of overseas subsidiaries and associates which led to the setback—though with minorities swallowing much of the nasty medicine here, Blue Circle's earnings per share are actually 1.4p higher at 12p for the six months. For the full year, however, pre-tax profits could well approach £55m against £47.5m giving a prospective p/e of maybe 9 on the group's reporting basis, or 7 if you prefer the historical cost, fully taxed version.

DM 17bn. Though such gearing is not unusual in German industry, the management wants to put VW on to a more conservative financial footing while the going is good.

VW revived because in the nick of time it developed a wide range of cars to replace the solitary beetle. The chairman, Herr Toni Schmuckner, now plans to expand beyond cars into the capital goods business, while spending at least DM 2bn a year keeping VW's car plants up to date—the rights issue is earmarked for this purpose. Of the cash in the bank about half, or DM 2bn, is deemed necessary to support the company's day-to-day operations. The remaining DM 2bn could buy five companies the size of Vickers.

House of Fraser  
Last year House of Fraser's prestigious London stores were the star turn, but this year the provincial operations have been setting the pace. The group's second quarter pre-tax profits are 50 per cent higher at £5.9m and virtually all the growth has come from the 60-odd provincial stores which account for roughly two-thirds of group sales, and are showing volume gains of 10 per cent plus. The London operations have only just about kept pace, and after last year's tourist bonanza Harrods, in particular, appears to have found it difficult to better its previous performance.

Assuming continued buoyancy in retail spending in the second half, House of Fraser should be able to push its pre-tax profits up from £36.2m to, say, £45m in the full year. It has been able to

improve its gross margins slightly and is hoping to keep its rise in operating costs down to around a tenth.

However, the main impediment hanging over the share price at the moment is the 20 per cent Lomro share stake. As House of Fraser's market capitalisation of £206m is roughly twice that of Lomro there seems little chance that the latter could afford the stores group even if it could be assured of official support. If anything, the Lomro link looks to be a negative factor for the shares at present.

Sedgwick Forbes  
Crystal gazing was the order of the day as insurance broker Sedgwick Forbes produced its interim statement. As usual no half-year profit figures were provided. Only an interim dividend was announced of 4p net, a 14 per cent increase. But there is a promise of usefully more to come, for Sedgwick believes it will be in a position to take advantage of the new flexible dividend rules. After all, dividend cover was at its high point last year, and profits are likely to climb by comfortably more than a tenth.

If the group's revenue rises by 15 per cent, with expenses climbing by a tenth, the result would be to improve taxable profits by over a fifth to about £28m. On that basis earnings per share could come out in the range of 41p-43p, compared with 29p. So analysts are suggesting that a rise of at least 30 per cent in the total dividend for the year is likely.

But punters should not get too excited. A dividend increase of 30 per cent gives a prospective yield, with the shares at 465p, of only 4 per cent, compared with an historic 3 per cent. The prospective P/E is around 11.

Stocks  
The puzzle about yesterday's provisional figures for industry's stockbuilding in the second quarter is that manufacturers have apparently been piling up stocks of finished goods. This could mean that they have simply been anticipating the consumer upturn slightly too early. Or it could imply that much of the increase in demand is leaking away to imports, for retailers' stocks have also been rising fast.

## Manufacturing industry's investment up strongly

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

CAPITAL INVESTMENT by manufacturing industry is rising strongly after changing little during winter and early spring. Industry's stocks have also increased sharply.

The Department of Industry announced yesterday that manufacturing investment rose by about 9 per cent to £979m, seasonally adjusted, in the April-June period compared with the previous depressed quarter. That is based for the first time on 1975 prices, instead of 1970 prices as before.

A better guide to the trend is the volume of investment in the first half of the year as a whole. That was 3 per cent up on the previous half-year and 10 per cent higher than in the same period of 1977.

The figures are seen in Whitehall as encouraging after the slight drop in investment in the first quarter. They support the optimistic tone of recent intentions surveys.

Investment volume will have to be about 9 per cent higher in the second half of the year than in the first to fulfil the projection of a rise of between 10 and 15 per cent, as indicated by the June Department of Industry survey.

Some economic forecasters take a more cautious view. The National Institute has projected

a rise of 5.3 per cent this year in view of the apparent high levels of spare capacity and companies' continuing financial deficit.

After adjusting for the depressed level of British Steel's investment, spending by private manufacturing may be more buoyant than the total and the

The economy grew by nearly 5 per cent between 1975 and 1977 rather than 3½ per cent as had been previously estimated.

This is shown by new official figures produced as a result of the rebasing of the national accounts at constant 1975 prices, rather than at 1970 prices. Details, Page 6

CBI intentions survey pointed to volume growth of at least a tenth this year and next.

Yesterday's Government figures showed that spending by distribution and service industries in the second quarter remained about the first-quarter level at £1,170m (at 1975 prices). In the first half of the year, investment by those industries was about 13 per cent higher than a year ago.

A sharp rise in the volume of stocks held by manufacturers and distributors was announced

yesterday. Industry's stocks of materials, work in progress and finished goods rose by £278m, at constant 1975 prices, in the second quarter after a rise of £266m in the first.

Manufacturing stocks rose by £191m in the three months to the end of June after a £71m rise in the previous quarter, while retailers' stocks increased by £102m compared with £114m.

Those further rises in stock levels are unexpectedly high and will substantially drain companies' cash resources.

The increase in retailers' stocks and manufacturers' holdings of finished goods is slightly puzzling since the expected sharp increase in consumer demand materialised during the second quarter.

That would normally lead to a fall in stocks of finished goods. One explanation, supported by the trade figures, is that much of the rise in demand has been met from imports. That suggests that the recovery in industrial output might remain patchy.

Wholesalers' stocks fell in the second quarter by about £15m. A reduction in stocks held by dealers in industrial materials and machinery, and general wholesale dealers, was partly offset by increases in the stocks held by coal dealers and builders' merchants.

Such developments, however, are contingent upon Civil Aeronautics Board approval for the merger.

Mr. Seawell, speaking to the Senate subcommittee, considered legislation to liberalise entry into the highly competitive North Atlantic market, claimed that a domestic route structure was needed to cushion some of the impact of the competition in the international market from government subsidies.

He raised the possibility that lower profits would be made by Pan Am and National, but because of subsidies being received by other airlines and said that, as a result, Pan Am planned to prune its services and discontinue several routes.

In these circumstances, the financial strength of the two rivals and the attitude of National could well tilt the scale in favour of Pan Am.

With Pan Am ready to pay \$35 shares in cash, National's stock rose \$3½ this morning to \$33½.

● Texas International Airlines convertible Eurobonds—issued only a week ago—moved around sharply yesterday on the news of the Pan Am bid for National.

See Page 24

Continued from Page 1  
Dollar

ment in key economic statistics is anticipated.

On the trade front, the hope is that the improvement recorded in June, when the deficit fell to about \$1.6bn, almost \$1bn below the average monthly figure for the first five months—will be maintained, with the shortfall at least staying below the \$2bn mark.

In spite of some summer weakening of food prices, any advance in the monthly index would be quite a surprise.

Although the Administration is playing its cards close to its chest, the favoured policy options now appear to include:

● Expanded swap arrangements, particularly with the Japanese and leading to intervention in yen.

● New export promotion measures, though these would take time to work and may be mainly cosmetic.

● A toughening of the existing anti-inflation policies, plus some further budget pruning, and of course, action on the energy front—either through curbs on oil imports or by allowing domestic oil prices to rise (though, again, decisions are not expected until after the congressional mid-term elections early in November).

Peter Riddell, Economics Correspondent, adds: The dollar slipped back again yesterday against most other currencies, continuing the up-and-down pattern of the last 10 days.

Trading was thin, though there was selling out of New York in the afternoon and the U.S. currency closed at just above its lows for the day—at SwFr 1.6550 against SwFr 1.6650 previously.

Although two rallies of the dollar have petered out in the last 10 days, rates are generally well above the lows of early last week and are around the level of the beginning of the month.

Markets have been adopting a cautious view in response to a series of measures from the U.S. administration. Dealers have been reluctant to have too large a short position against the dollar, partly because of uncertainty about the timing of any further proposals.

## Labour's policies 'destroying jobs'

BY RUPERT CORNWELL, LOBBY STAFF

GREATER FLEXIBILITY in wage bargaining, more attention to the consumer, higher priority for profits and an insistence on the need to encourage managers and entrepreneurs were the key points to fuller employment in Britain, Sir Keith Joseph argued last night.

In a major economic policy speech in London, Sir Keith, who will be a central policymaker in a future Conservative Administration, savagely attacked Labour for its failure to adopt the measures required, and its addiction to policies which were "versions" of what was needed.

He told a Bow Group meeting that jobs were created if they were allowed. "We have high unemployment, and will have higher and higher unemployment, because many of our policies and attitudes, however well intentioned, prevent jobs occurring or prevent those that do occur from being filled."

In a powerful plea for a return to liberal principles and a curb on Government intervention in the economy, the shadow industry spokesman emphasised that growth and employment were not to be pursued as prime objectives, but were the by-product of adaptability.

The labour market, he said, could absorb as many as 200,000 more jobs than the war—if it were allowed. But a combination of Government over-spending, over-taxing, over-borrowing, and over-regulating destroyed more jobs and prevented more from coming into existence than were preserved by job protection.

Over-manning and restrictive labour practices might appear to be in the interests of those in employment. "Yet by raising unit labour costs and reducing profit, over-manning, which is wrongly perceived as a net augments of jobs, is, in fact, a net destroyer of them."

Socialism, said Sir Keith, had made the task of management harder by teaching the wrong lessons: that profits were at the expense of workers, that Govern-

ments could cure all economic problems, that producers mattered more than consumers, and that employers and workers had conflicting interests.

He defended the right of unions to seek the better interests of their members, but he warned that they sometimes acted in "so unenlightened a way as to damage the interests of both the own members and of the whole country."

"Can trades union officials and shop stewards—or management—be happy that we are now almost the least productive and lowest-paid of nations—and that by being less competitive we generate fewer jobs?"

Sir Keith enumerated Labour's "five evasions": the industrial strategy, job creation, work sharing, protectionism, and socialism. Job creation, he argued, cost at least one job lost for every one created. While full-blooded socialism might reduce unemployment, but "you cannot achieve the Russian answer without the Russian method."

Fears that technical advance automatically increased unemployment were groundless. Sir Keith claimed that the history of the last 200 years, "packed with labour-saving inventions," had demonstrated the fallacy of that view; there was instead a limitless demand for varying combinations of goods, services, and voluntary leisure, he insisted.

The Labour Government had quietly killed off a full employment policy based on neo-Keynesian solutions of deficit financing and Government spending. But it was itself now bankrupt of ideas and Mr. Callaghan, said Sir Keith, had openly confessed that he did not know what to do about unemployment.

It would not be possible to have full employment in a free society without some people, the successful entrepreneurs, becoming wealthier than others. But, he added, "perhaps socialists hate personal wealth more than they hate unemployment."

## Weather

DRY, sunny spells. Cloudy, some rain.

Scotland, N. Ireland  
Mostly dry, some showers in N. and E. Scotland.  
London, S.E. Cent. S. England, E. Anglia, Midlands, Channel Islands, S.W. England, S. Wales  
Dry, sunny spells. Max. 21C (70F).

E. N.E. England  
Cloudy, some rain, bright intervals. Max. 18C (64F).  
N. Wales, N.W. Cent. N. England, Lakes, Isle of Man  
Dry, sunny intervals. Max. 19C (66F).

Borders, Edinburgh, Dundee, Moray Firth, Aberdeen, Orkney, Shetlands, N. Scotland  
Showers, bright intervals. Max. 16C (61F).

S.W. Scotland, Glasgow, Highlands, Argyll  
Dry, cloudy. Max. 18C (65F).  
Outlook: Little change.

## BUSINESS CENTRES

	Y day	F day
Amsterdam	C 18 44	M 18 44
Antwerp	C 18 44	M 18 44
Bahia	C 18 44	M 18 44
Bombay	C 18 44	M 18 44
Buenos Aires	C 18 44	M 18 44
Calcutta	C 18 44	M 18 44
Canton	C 18 44	M 18 44
Cebu	C 18 44	M 18 44
Colon	C 18 44	M 18 44
Hankow	C 18 44	M 18 44
Hong Kong	C 18 44	M 18 44
Kobe	C 18 44	M 18 44
London	C 18 44	M 18 44
Lyons	C 18 44	M 18 44
Manila	C 18 44	M 18 44
Medan	C 18 44	M 18 44
Osaka	C 18 44	M 18 44
Shanghai	C 18 44	M 18 44
Singapore	C 18 44	M 18 44
Sourabaya	C 18 44	M 18 44
Tokyo	C 18 44	M 18 44
Yokohama	C 18 44	M 18 44

## HOLIDAY RESORTS

HOLIDAY RESORTS							
Azalea	S	26	79	Jersey	S	19	66
Algiers	F	25	80	Las Pintas	S	26	83
Alhambra	S	26	80	Locarno	S	26	83
Blackpool	C	15	80	Malibu	S	26	83
Bordeaux	S	26	83	Malaga	S	11	88
Boston	F	17	83	Malta	F	26	77
Cambridge	F	25	83	Malindi	F	26	83
Cape Town	F	26	83	Manila	F	26	83
Corfu	S	26	83	Nice	F	26	83
Dubrovnik	F	26	83	Nicosia	S	23	83
Faro	S	26	83	Oparte	F	26	83
Florida	F	25	83	Orlando	S	26	83
French	F	25	87	Sakhring	S	26	83
Gibraltar	S	26	83	Tangier	S	26	83
Guernsey	S	26	83	Teorile	S	26	83
Hawthorn	S	24	77	Toronto	S	26	83
Harvest	C	16	81	Venice	S	26	83
Isle of Man	C	16	81	Venice	C	26	83
Island	S	25	77				
S-Sunny	F-Fair	C-Cloudy	N-Rain				